Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

China Dredging Environment Protection Holdings Limited
中國疏浚環保控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 871)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

UNAUDITED FINANCIAL RESULTS

The board (the "Board") of directors (the "Director(s)") of China Dredging Environment Protection Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019, together with the audited comparative figures for the year ended 31 December 2018, which are presented in Renminbi ("RMB"), the lawful currency of the People's Republic of China (the "PRC"). For the reasons explained in the section headed "Review of Unaudited Annual Results" in this announcement, the audit process for the annual results of the Group for the year ended 31 December 2019 has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue	*4*	**442,368**	618,833
Operating cost		**(391,004)**	(497,112)
Gross profit		**51,364**	121,721
Other income	*6*	**1,295**	5,348
Allowance for expected credit losses, net of reversal		**(333,685)**	(246,055)
Other gains and losses, net		**(5,590)**	(14,701)
Marketing and promotion expenses		**(7,681)**	(11,513)
Administrative expenses		**(65,722)**	(52,063)
Changes in fair value of investment properties		**(6,286)**	17,400
Finance costs		**(45,050)**	(52,482)

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Loss before tax		**(411,355)**	(232,345)
Income tax expense	*7*	**(110,673)**	(22,150)
Loss for the year	*8*	**(522,028)**	(254,495)
Other comprehensive expense			
Item that will not be reclassified to profit or loss			
— Revaluation of properties		**—**	(22,400)
Total comprehensive expense for the year		**(522,028)**	(276,895)
Loss for the year attributable to:			
Owners of the Company		**(517,586)**	(258,647)
Non-controlling interests		**(4,442)**	4,152
		(522,028)	(254,495)
Total comprehensive expense attributable to:			
Owners of the Company		**(517,586)**	(281,047)
Non-controlling interests		**(4,442)**	4,152
		(522,028)	(276,895)
Loss per share	*9*		
— basic and diluted (RMB cents)		**(29.15)**	(16.99)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,385,482**	1,457,160
Right-of-use assets		**94,591**	—
Prepaid land lease payments		**—**	92,398
Investment properties		**464,500**	470,786
Goodwill		**201**	201
Deposit paid for acquisition of property, plant and equipment		**8,421**	13,153
Deferred tax assets		**—**	98,332
Other intangible assets		**3,750**	4,083
Trade and other receivables due after one year	*11*	**2,338**	1,908
Contract assets		**11,613**	34,662
		1,970,896	2,172,683
Current assets			
Prepaid land lease payments		**—**	2,908
Trade and other receivables and prepayments	*11*	**863,660**	1,125,061
Bank balances and cash		**12,612**	48,435
		876,272	1,176,404
Current liabilities			
Trade and other payables	*12*	**377,939**	378,433
Amounts due to directors of the Company		**11,334**	6,933
Amounts due to non-controlling shareholders of a subsidiary		**3,060**	1,764
Tax payable		**105,952**	102,083
Bank borrowings	*13*	**297,000**	324,670
Other borrowings	*14*	**54,090**	54,526
Bonds payable	*15*	**286,804**	254,916
Contract liabilities		**22,010**	22,136
Lease liabilities		**1,263**	—
		1,159,452	1,145,461
Net current (liabilities)/assets		**(283,180)**	30,943
Total assets less current liabilities		**1,687,716**	2,203,626

	Notes	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Capital and reserves			
Share capital		**150,365**	149,577
Reserves		**1,266,504**	1,783,846
Equity attributable to owners of the Company		**1,416,869**	1,933,423
Non-controlling interests		**146,305**	155,203
Total equity		**1,563,174**	2,088,626
Non-current liabilities			
Amounts due to non-controlling shareholders of a subsidiary		**68,502**	69,711
Deferred tax liabilities		**17,256**	11,034
Other borrowings	*14*	**37,915**	34,255
Lease liabilities		**869**	—
		124,542	115,000
		1,687,716	2,203,626

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands and its shares ("Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate and ultimate holding company is Wangji Limited, a limited company incorporated in the British Virgin Islands, which is ultimately and wholly owned by Mr. Liu Kaijin ("Mr. Liu"), who is the Executive Director and Chairman of the Company.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values and in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

During the year ended 31 December 2019, the Company had not settled the Bonds as defined in Note 15 when it fell due according to the sixth amendment agreement (the "Sixth Amendment Agreement") signed between the Company and CITIC Capital China Access Fund Limited (the "Bondholder" or "CITIC").

Under the Sixth Amendment Agreement, the Company needs to repay the redemption amount of approximately HK$319,483,000 (equivalent to approximately RMB285,890,000) together with the accrued interest on 20 December 2019 (the "Maturity Date"). As at 31 December 2019, the total amount outstanding, including the accrued interest, amounting to approximately HK$320,503,000 (equivalent to approximately RMB286,804,000).

During the year ended 31 December 2019 and up to the date of this announcement, the Company had not settled the Bonds when the Bonds fell due for repayment on the Maturity Date and remained overdue for repayment.

Up to the date of this announcement, the Group is in negotiation with the Bondholder on the restructure of the Bonds.

The Group had net current liabilities of approximately RMB283,180,000 at 31 December 2019 and incurred a loss of approximately RMB522,028,000 for the year then ended. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group.

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern as the directors of the Company (the "Directors") are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2019, after taking into consideration of the following:

(1) The Group continues to generate cash inflows from its operating activities by implementing measures to tighten cost controls over various operating expenses in order to improve its cash flows position and to generate greater positive cash inflows from its operations in the future;

(2) Since most of the bank borrowings as at 31 December 2019 of RMB297,000,000 were secured by the Group's assets, the Directors believe that it is highly probable that they can be renewed in the next twelve months;

(3) As at 31 December 2019, the Group has unutilised banking facilities of RMB18,000,000 which will be available for use by the Group in the next twelve months; and

(4) The Company will exercise its endeavour to reach an acceptable debt restructuring with the Bondholder.

On the basis of the above considerations, the Directors believe that the Group can satisfy its financial obligations in the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

Impacts and changes in accounting policies on application of HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

As a lessee

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.56%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	**3,871**
Lease liabilities discounted at relevant incremental borrowing rates	**3,597**
Less: Recognition exemption — short-term leases	**(382)**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	**3,215**
Analysed as	
Current	**1,150**
Non-current	**2,065**
	3,215

3. **APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)**

Impacts and changes in accounting policies on application of HKFRS 16 *Leases (Continued)*

The carrying amount of right-of-use assets for own use and those under subleases (classified as investment properties) as at 1 January 2019 comprises the following:

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	3,215
Reclassified from prepaid land lease payments *(note)*	95,306
	98,521

Note: Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid land lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB2,908,000 and RMB92,398,000 respectively were reclassified to right-of-use assets.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Prepaid land lease payments	92,398	(92,398)	—
Right-of-use assets	—	98,521	98,521
Current asset			
Prepaid land lease payments	2,908	(2,908)	—
Current liability			
Lease liabilities	—	(1,150)	(1,150)
Non-current liability			
Lease liabilities	—	(2,065)	(2,065)

4. REVENUE

Disaggregation of revenue from contracts with customers

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segments		
Capital and Reclamation Dredging Business	**145,031**	165,960
Environment Protection Dredging and Water Management Business	**47,910**	115,646
Other Marine Business	**241,678**	327,451
Property Management Business	**7,749**	9,776
	442,368	618,833
Timing of revenue recognition		
At point in time	**—**	—
Over time	**442,368**	618,833
Total	**442,368**	618,833

The Group has a right to consideration from its customers in an amount that corresponds directly with the value to the customers of the Group's performance completed to date. As the Group bills its customers a fixed amount based on each portion of dredging works provided, the Group recognises revenue based on the amount it has a right to invoice.

The Group recognises revenue on the basis of the volume of dredging works performed and delivered to customers. The measurements of value of the dredging works transferred to customers are directly invoiced based on a quantitative measure of dredging, that is, a unit price for the material dredged per cubic meter is set forth in the contracts with customers and therefore the revenue is recognised based on the amount invoiced. As the Group's performance creates an asset that customer simultaneously receives and consumes, this method provides a faithful depiction of the transfer of an asset to the customer.

The transaction price of the Group is determined upon establishment of the contract that contains the unit price for the quantity dredged for dredging projects.

Contract modifications are changes in the scope or price (or both) of a contract that are approved by the parties to the contract. The Group recognises a contract modification when the parties to a contract approve a modification that either creates new, or changes existing, enforceable rights and obligations of the parties to the contract. Contract modifications are included in the transaction price only if it is probable that the modification estimate will not result in a significant reversal of revenue. The nature of the Group's contracts seldom give rise to contract modifications based on historical information and thus contract modifications are not routine in the performance of the Company's contracts.

The majority of the Company's contracts have an original duration of less than one year, the practical expedient for contracts with durations of one year or less is applied and therefore does not consider the effects of the time value of money.

4. REVENUE (Continued)

An analysis of revenue from customers contributing over 10% of the Group's total revenue for the year is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Customer A		
— Environmental Protection Dredging and Water Management Business	**N/A**	66,499
Customer B		
— Capital and Reclamation Dredging Business	**69,371**	N/A

Note: Customer A did not contribute over 10% of the Group's total revenue for the year ended 31 December 2019. Other than customer B, no other customers contributed over 10% of the Group's total revenue for the year ended 31 December 2019.

5. OPERATING SEGMENTS

The Group determines its operating segments based on the reports reviewed by the Executive Directors of the Company who are also the chief operating decision makers ("CODM"), that are used to make strategic decisions. Information reported to the CODM is based on the different nature of projects carried out by the Group.

Details of the Group's four reportable and operating segments are as follows:

(i) Capital and Reclamation Dredging Business refers to the capital and reclamation dredging services and related consultation services provided by the Group;

(ii) Environmental Protection Dredging and Water Management Business refers to dredging or water management services or constructions for promoting environmental interests and water quality mainly for inland rivers provided by the Group;

(iii) Other Marine Business mainly comprises marine hoisting, installation, salvaging, vessel chartering and other engineering services provided by the Group; and

(iv) Property Management Business refers to the management and leasing of a shopping mall and the construction of a hotel by the Group.

5. **OPERATING SEGMENTS (Continued)**

Segment results

An analysis of the Group's reportable segment revenue and segment results is as below.

	Capital and Reclamation Dredging Business *RMB'000* (Unaudited)	Environmental Protection Dredging and Water Management Business *RMB'000* (Unaudited)	Other Marine Business *RMB'000* (Unaudited)	Property Management Business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
For the year ended 31 December 2019					
Segment revenue	**145,031**	**47,910**	**241,678**	**7,749**	**442,368**
Segment results	**(219,513)**	**(72,630)**	**2,270**	**1,931**	**(287,942)**
Changes in fair value of investment properties					**(6,286)**
Allowance for expected credit losses					**(28,186)**
Other gains and losses, net					**(5,767)**
Unallocated other income					**77**
Unallocated corporate expenses					**(48,197)**
Unallocated finance costs					**(35,054)**
Loss before tax					**(411,355)**

5. **OPERATING SEGMENTS (Continued)**

Segment results (Continued)

	Capital and Reclamation Dredging Business *RMB'000* (Audited)	Environmental Protection Dredging and Water Management Business *RMB'000* (Audited)	Other Marine Business *RMB'000* (Audited)	Property Management Business *RMB'000* (Audited)	Total *RMB'000* (Audited)
For the year ended 31 December 2018					
Segment revenue	165,960	115,646	327,451	9,776	618,833
Segment results	(83,019)	(92,431)	14,582	2,093	(158,775)
Increase in fair value of investment properties					17,400
Other gains and losses, net					(14,701)
Unallocated other income					3,230
Unallocated corporate expenses					(34,911)
Unallocated finance costs					(44,588)
Loss before tax					(232,345)

5. OPERATING SEGMENTS (Continued)

Segment assets

	Capital and Reclamation Dredging Business *RMB'000* **(Unaudited)**	**Environmental Protection Dredging and Water Management Business** *RMB'000* **(Unaudited)**	**Other Marine Business** *RMB'000* **(Unaudited)**	**Property Management Business** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
At 31 December 2019					
Segment assets	**1,247,701**	**403,635**	**520,469**	**632,844**	**2,804,649**
Unallocated assets:					
Right-of-use assets					**14,230**
Bank balances and cash					**12,612**
Others					**15,677**
Consolidated assets					**2,847,168**

	Capital and Reclamation Dredging Business *RMB'000* (Audited)	Environmental Protection Dredging and Water Management Business *RMB'000* (Audited)	Other Marine Business *RMB'000* (Audited)	Property Management Business *RMB'000* (Audited)	Total *RMB'000* (Audited)
At 31 December 2018					
Segment assets	1,642,495	388,354	527,533	682,914	3,241,296
Unallocated assets:					
Prepaid land lease payments					14,548
Bank balances and cash					48,435
Others					44,808
Consolidated assets					3,349,087

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to reportable and operating segments other than the unallocated items listed above.

Segment liabilities

As the liabilities are regularly reviewed by the CODM in total for the Group as a whole, the measure of total liabilities by reportable segments is therefore not presented.

6. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Government financial incentive *(note)*	**—**	2,954
Bank interest income	**133**	168
Interest income in respect of trade receivable	**—**	1,672
Sundry income	**1,162**	554
	1,295	5,348

Note: Pursuant to a document issued by a PRC local government authority, one of the Company's PRC subsidiaries was granted financial incentive for a period of three years from 2016 to 2018 for its contribution to the economic development of the locality, provided it is duly registered in the locality and pays taxes according to tax laws. No other conditions are attached to the financial incentive.

7. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The charge comprises:		
Current tax		
PRC Enterprise Income Tax ("EIT")	**6,119**	18,776
Deferred taxation	**104,554**	3,374
	110,673	22,150

(i) PRC EIT

PRC EIT is calculated at 25% of the assessable profits for both years.

(ii) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years, if any.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in or derived from Hong Kong for both years.

8. LOSS FOR THE YEAR

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,852**	1,800
Amortisation of other intangible assets	**333**	334
Amortisation of prepaid land lease payments	**—**	2,792
Depreciation of property, plant and equipment	**105,974**	104,949
Depreciation of right-of-use assets	**4,024**	—
Directors' emoluments	**1,900**	2,925
Other staff costs	**37,919**	49,058
Retirement benefit scheme contributions, excluding those of Directors	**5,939**	6,646
Total staff costs (including equity-settled share-based payment)	**45,758**	58,629
Gain on disposal of property, plant and equipment, net	**(177)**	—
Sub-contracting charges included in operating cost	**192,894**	271,150
Gross rental income from investment properties	**(7,749)**	(9,775)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**488**	1,087
direct operating expenses incurred for investment properties that did not generate rental income during the year	**155**	276
	(7,106)	(8,412)

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(517,586)**	(258,647)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,775,476,000**	1,522,606,000

The weighted average number of shares for the purposes of basic earnings per share for both years were calculated based on the weighted average number of shares in issue during both years.

The computation of diluted loss per share for the year ended 31 December 2019 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the period from 1 January 2019 to 10 October 2019. As at 31 December 2019, the Group did not have any potential ordinary shares. The computation of diluted loss per share for the year ended 31 December 2018 does not assume the exercise of share options since the assumed exercise would result in a decrease in loss per share.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2019 and 31 December 2018, nor has any dividend been proposed since the end of the reporting period.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current:		
Value-added tax recoverable	**2,338**	1,908
Current:		
Trade receivables	**1,766,712**	1,716,650
Less: Allowance for credit losses	**(989,153)**	(680,959)
Trade receivable, net of expected credit losses	**777,559**	1,035,691
Bills receivable	**7,472**	3,468
Government financial incentive receivables, net	**14,636**	14,842
Prepayments, net	**42,156**	50,280
Deposits, net	**13,187**	13,195
Others, net	**8,650**	7,585
	863,660	1,125,061
	865,998	1,126,969

The aged analysis of the Group's trade receivable, prepared based on the dates of certification of work done, which approximate the respective revenue recognition dates (net of credit losses for trade receivable), at the end of each reporting period is as follows:

Aged analysis of the Group's trade receivable, net of ECL

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**62,555**	74,841
31–60 days	**45,113**	27,916
61–90 days	**4,110**	24,419
91–180 days	**23,492**	77,703
181–365 days	**123,490**	154,249
1 year–2 years	**224,859**	249,592
Over 2 years	**293,940**	426,971
	777,559	1,035,691

12. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables		
Sub-contracting charge	**124,581**	142,054
Fuel cost	**2,757**	10,002
Repair and maintenance	**16,869**	17,914
Others	**7,933**	5,695
	152,140	175,665
Other payables		
Payable for construction cost of investment properties *(note)*	**82,640**	82,715
Accrual for other taxes	**60,339**	61,442
Accrual for staff salaries and welfare	**40,807**	33,150
Others	**42,013**	25,461
	225,799	202,768
	377,939	378,433

The aged analysis of the Group's trade payables presented based on the invoice date, except for sub-contracting charge which is presented based on dates of the progress certificates, as at the end of each reporting period is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**6,100**	24,214
31–60 days	**4,528**	1,077
61–90 days	**586**	16,330
91–180 days	**8,993**	43,106
Over 180 days	**131,933**	90,938
	152,140	175,665

Note: As at 31 December 2019, based on invoice date, RMB81,867,000 of the other payables for construction cost for investment properties has been due for over 1 year.

13. BANK BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Secured bank borrowings		
Payment schedule according to contractual repayment terms		
Amount due for settlement within one year	**297,000**	324,670

14. OTHER BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unsecured other borrowings		
Without fixed repayment term and classified as current liabilities	**54,090**	54,526
Classified as non-current liabilities	**37,915**	34,255
	92,005	88,781

15. BONDS PAYABLE

The Company issued unsecured convertible bonds (the "Bonds") to CITIC at a total nominal value of HK$243,000,000 (equivalent to RMB191,970,000) on 8 November 2013, carrying an interest rate of 3% per annum with the maturity date of 7 November 2016 (the "Original Maturity Date"). The Bondholder, being CITIC, had an option to either convert the Bonds into the Company's ordinary shares at a conversion price of HK$2.7 per share, subject to anti-dilutive adjustments, at any time after six months from the date of issue and up to the Original Maturity Date, or to require the Company to redeem them at 133.792% of the nominal value of the Bonds, which amounted to approximately HK$325,115,000 (equivalent to approximately RMB290,818,000 based on spot exchange rate on 7 November 2016) (the "Original Redemption Amount"), upon maturity. The Company had no right to early redeem the Bonds.

At the time when the Bonds were issued, the Bonds were analysed by the management of the Group to contain two components, the host debt component and the conversion option. The Bonds are denominated in HK$, which is a currency other than the Company's functional currency. Therefore, the conversion option in the Bonds does not result in an exchange of a fixed number of the Company's own equity instruments for a fixed amount of cash, denominated in HK$. Accordingly, the conversion option was accounted for separately as a derivative liability, which was not closely related to the host debt component. The fair values of the debt component and the derivative component were determined at the date of issue. Subsequent to initial recognition, the debt component was carried at amortised cost while the derivative component was measured at fair value, with changes in fair value recognised in profit or loss. The effective interest rate of the debt component was 16.9%.

15. BONDS PAYABLE (Continued)

The Group had not paid the Original Redemption Amount and the last interest payment on the Original Maturity Date to CITIC. During the year ended 31 December 2016, the Group and CITIC entered into a framework agreement on 14 November 2016 (as amended by supplemental framework agreements, collectively the "Framework Agreement") and a standstill and amended agreement and supplemental deed to the original deed poll regarding the Bonds (the "Amendment Agreement") on 15 December 2016, pursuant to which CITIC agreed to a) extend the maturity from the Original Maturity Date to 14 March 2017 and b) reduce the principal amount of Original Redemption Amount to approximately HK$275,415,000 (equivalent to approximately RMB246,381,000) based on spot exchange rate on 31 December 2016, subject to certain conditions as stated in the Amendment Agreement.

Furthermore, the conversion option under the Bonds was removed under the Amendment Agreement. Accordingly, no embedded derivative was recognised at 31 December 2016 and at the end of subsequent accounting periods.

On 21 March 2017, 5 June 2017, 21 September 2017, 23 January 2018 and 15 March 2019, the Company and CITIC had entered into the second amendment agreement, the third amendment agreement, the fourth amendment agreement, the fifth amendment agreement and the Sixth Amendment Agreement. On 15 March 2019, the Company and CITIC entered into the Sixth Amendment Agreement to amend the original maturity date to 20 December 2019. During the year ended 31 December 2019, the Group has settled approximately HK$6,838,000, (equivalent to RMB6,030,000) (2018: HK$23,023,000 (equivalent to RMB19,402,000)) to CITIC.

During 2019, the Sixth Amendment Agreement was in effective pursuant to which the maturity date of the Bonds was extended such that based on the latest amendment agreement in effect, the Company needed to repay the Bonds of approximately HK$319,483,000 (equivalent to approximately RMB285,890,000) inclusive of the interest due by 20 December 2019 with interest rate at an amended rate of 13% per annum.

The Company had not repaid the abovementioned amounts in full on 20 December 2019, at which date the total amount outstanding, including the accrued interest amounted to approximately HK$319,483,000 (equivalent to approximately RMB285,890,000). As at 31 December 2019, the total amount outstanding, including the accrued interest rate at 13% per annum amounted to approximately HK$320,503,000 (equivalent to approximately RMB286,804,000).

During the year ended 31 December 2019 and up to the date of this announcement, the Company had not settled the Bonds when the Bonds fell due for repayment on the Maturity Date and remained overdue for repayment.

Up to the date of this announcement, the Group is in negotiation with the Bondholder on the restructure of the Bonds.

Details of each of the agreements are set out in the announcements of the Company dated 7 November 2016, 15 November 2016, 16 November 2016, 16 December 2016, 22 March 2017, 5 June 2017, 22 September 2017, 1 December 2017, 23 January 2018 and 15 March 2019.

15. BONDS PAYABLE (Continued)

Based on the revised agreements, interest rate are as follows:

Period	Interest rate per annum
From 15 November 2016 and up to 14 December 2016	13%
From 15 December 2016 and up to 14 March 2017	15%
From 15 March 2017 and up to 4 June 2017	18%
From 5 June 2017 and up to 21 June 2017	13%
From 22 June 2017 and up to 21 September 2017	18%
From 22 September 2017 and up to 15 November 2017	13%
From 15 November 2017 and up to 22 January 2018	13%
From 23 January 2018 and up to 21 June 2018	13%
From 22 June 2018 and up to 20 December 2019	13%

Note: The above interest shall accrue on a day to day basis and be calculated on the basis of a 365-day calendar year on the Reduced Redemption Amount/revised principal amount and compounded on a monthly basis.

Under the abovementioned agreements entered into by the Company and CITIC, the Bonds are personally guaranteed by Mr. Liu and his spouse Ms. Zhou Shuhua ("Ms. Zhou") who are also the Directors of the Company, and equity interests in certain subsidiaries of the Company are pledged in favour of CITIC, a dredger and an industrial premise and a residential property owned by the Group included in property, plant and equipment and investment properties with carrying value of RMB245,157,000 as at 31 December 2019 (2018: RMB260,378,000).

The Bonds recognised in the consolidated statement of financial position are calculated as follows:

	Bonds payable *RMB'000*
At 1 January 2018	231,227
Interest	30,694
Settlement	(19,207)
Exchange realignment	12,202
At 31 December 2018	254,916
Interest	32,714
Settlement	(6,030)
Exchange realignment	5,204
At 31 December 2019	286,804

The bonds as the end of the reporting periods are represented by:

	At 31 December 2019 ***RMB'000*** **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Bonds payable on demand/within one year	**286,804**	254,916

16. RELATED PARTY DISCLOSURES

(i) Related party transactions

During the year, the Group paid rentals of RMB40,000 (2018: RMB40,000) to certain companies controlled by Mr. Liu in respect of office premises.

In addition, the Group received other advances from, and made repayments to, Mr. Liu during the year ended 31 December 2019 and 2018. As at 31 December 2019, the amount due to Mr. Liu was RMB7,434,000 (2018: RMB3,803,000).

(ii) Pledge of assets and guarantees in support of the Group's borrowings

As at 31 December 2019 and 2018, other than pledge of assets of the Group, the Group's bank borrowings and bonds payable were also supported by:

(a) corporate guarantee given by Jiangsu Xiangyu Port Construction Project Administration Company Limited* (江蘇翔宇港建工程管理有限公司) ("Xiangyu PRC");

(b) personal guarantees provided by Mr. Liu and Ms. Zhou; and

(c) two properties owned by certain non-controlling shareholders of the Company's subsidiary.

Bank borrowing of the Group of RMB82 million (2018: RMB85 million) was supported by a property owned by a company in which Mr. Liu has beneficial interest.

17. EVENT AFTER THE REPORTING PERIOD

Grant of share options

On 20 January 2020, the Company granted a total of 17,000,000 share options carrying the rights to subscribe for 17,000,000 ordinary shares of the Company to an employee pursuant to the Company's share option scheme adopted on 24 May 2011. The share options can be exercised from 20 January 2020 to 19 January 2021, both days inclusive, at an exercise price of HK$0.072 per share. The closing price of the Company's shares immediately before the grant date was HK$0.072 per share.

Outbreak of Coronavirus Disease 2019

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across China. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. Up to the date of this announcement, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak. However, the actual impacts may differ from these estimates as the situation continues to evolve and further information become available.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is primarily engaged in dredging business, which can be divided into three main operating and reportable segments, namely, (i) capital and reclamation dredging business (the "CRD Business"); (ii) environmental protection dredging and water management business (the "EPD and Water Management Business"); and (iii) other works operated in marine sites such as hoisting wind power equipment, installing major parts of docks and bridges, as well as laying underwater pipelines and salvaging (the "Other Marine Business"). In addition, the Group engaged in property management business (the "Property Management Business") in respect of managing Easyhome Yancheng Shopping Mall.

Financial Review

Revenue

During the Reporting Period, the Group recorded a substantial decrease by about 28.5% in total revenue from approximately RMB618.8 million for the year ended 31 December 2018 to approximately RMB442.4 million.

As regards the CRD Business segment, revenue of approximately RMB145.0 million was recorded for the Reporting Period, which decreased by about 12.6% when compared to that for the year ended 31 December 2018. The decrease in revenue was primarily due to the Group's proactive development of overseas market, resulting in more preparatory works including the arrangement of initial vessel dispatch and installation of pipelines, which required a longer preparatory period and made the production capacity difficult to be unleased in short term. As a result, the revenue in that segment decreased.

Revenue of approximately RMB47.9 million was recorded for the EPD and Water Management Business segment, representing a substantial decrease of about 58.6% from its corresponding segment revenue for the year ended 31 December 2018. The decrease was caused by the undesirable works progress of certain environmental protection dredging projects as their actual progresses depended on the collaboration with the local governments.

Revenue for the Other Marine Business was approximately RMB241.7 million, representing a decrease of 26.2% as compared with the corresponding period of 2018. The decrease in revenue was mainly due to the keen competition within the wind power industry.

Revenue for the Property Management Business segment for the Reporting Period was approximately RMB7.7 million, which decreased by about 20.7% from RMB9.8 million for the year ended 31 December 2018.

Operating Cost and Gross Profit

The Group's operating cost decreased from approximately RMB497.1 million for the year ended 31 December 2018 to approximately RMB391.0 million during the Reporting Period, representing a decrease of about 21.3%. The decrease was primarily due to the drop of the business volume along with the decrease in overall revenue.

The Group recorded a gross profit of approximately RMB51.4 million during the Reporting Period, representing a decrease of about 57.8% as compared with approximately RMB121.7 million for the year ended 31 December 2018. Gross profit margin significantly dropped from 19.7% for the year ended 31 December 2018 to 11.6% for the Reporting Period. On the one hand, the keen competition of marine wind power industry caused the income from the Other Marine Business to decrease, and the adoption of a prudent operation strategy also resulted in a decrease in the income from the CRD Business and the EPD and Water Management Business. On the other hand, the operating costs increased because of the higher up-front cost of newly developed overseas reclamation dredging projects, a corresponding rise in operating cost for the newly devised wind power projects of the Other Marine Business as well as substantial fixed costs such as depreciation of assets and maintenance of equipment did not change proportionately. The drop in gross profit margin was collectively influenced by these two aspects.

Gross profit margin for the CRD Business segment decreased from about 21.5% for the year ended 31 December 2018 to about –10.7% for the Reporting Period, which was mainly due to the comparatively larger initial investment costs and the longer preparatory period for the overseas projects while the production capacity has not yet unleased, resulting in the decline in the revenue and gross profit margin for this business segment.

Gross profit margin for the EPD and Water Management Business segment was about 34.0% for the Reporting Period, representing an increase of 5.1 percentage points as compared to about 28.9% for the year ended 31 December 2018.

During the Reporting Period, the gross profit margin for the Group's Other Marine Business segment has slightly increased because of the decrease in the relevant sub-contracting expenses.

Other Income

Other income decreased by about 75.8% to approximately RMB1.3 million during the Reporting Period as compared with the year ended 31 December 2018, primarily caused by the decrease in interest income from certain trade receivables and government financial incentive during the Reporting Period.

Expected Credit Loss Allowance

As a further prudent measure in managing the trade receivables and the contract assets, the Company appointed an independent external professional valuer to make an independent valuation and based on their suggestion to recognise the allowance for expected credit losses on trade receivables, prepayment and the contract assets of about RMB333.7 in total for the Reporting Period (2018: RMB246.1 million).

Marketing and Promotion Expenses

Marketing and promotion expenses for the Reporting Period was approximately RMB7.7 million, representing a decrease of about 33.3% as compared with approximately RMB11.5 million for the year ended 31 December 2018, which was mainly attributable to the saving in the relevant marketing and promotion expenses.

Administrative Expenses

Administrative expenses for the Reporting Period amounted to approximately RMB65.7 million, representing an increase of about 26.2% from RMB52.1 million for the year ended 31 December 2018. This was mainly due to the turning the deprecation cost of certain dredgers forming part of the operating costs for previous years to become the administrative expenses for this year due to no utilisation of certain dredgers in the year and the provision for the estimated loss in relation to a lawsuit about debts transfer in mainland China.

Foreign Exchange Difference

Due to the fluctuation in the foreign exchange rate during the Reporting Period, part of the Group's bank borrowings and bank deposits were denominated in United States dollars and Hong Kong dollars. The foreign exchange loss of approximately RMB5.8 million was recognised in the Reporting Period (31 December 2018: approximately RMB14.7 million).

Finance Costs

Finance costs for the Reporting Period amounted to approximately RMB45.0 million, which decreased by about 14.2% when compared to that for the corresponding period last year.

Income Tax Expense

Income tax expense increased from approximately RMB22.2 million for the year ended 31 December 2018 to approximately RMB110.7 million for the Reporting Period.

Loss for the Year

Influenced by the above factors as a whole, the net loss for the Reporting Period was approximately RMB522.0 million as compared to a net loss of approximately RMB254.5 million for the year ended 31 December 2018.

Loss Per Share

Loss per share for the Reporting Period was RMB0.292 per share as compared to loss per share of RMB0.170 per share in the year ended 31 December 2018.

Financial Management Policies

The Group in its ordinary course of business is exposed to market risks such as currency risk and interest rate risk. The Group's risk management strategy aims to mitigate the adverse effects of these risks on its financial performance in full measure.

As most of the Group's trading transactions, monetary assets and liabilities are denominated mainly in Renminbi, which is the Group's functional and reporting currency, and save for the Bonds and certain bank borrowings and deposits denominated in United States dollars and Hong Kong dollars, the foreign exchange loss recognised during the Reporting Period was approximately RMB5.8 million (31 December 2018: approximately RMB14.7 million). The Group is giving full attention to respond to the related foreign exchange rate risks.

As current interest rates stay at relatively low levels, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instruments. Nonetheless, the Group will continue to closely monitor its related interest rate exposure.

Financial Position

As at 31 December 2019, the total equity of the Group amounted to approximately RMB1,563.2 million (31 December 2018: approximately RMB2,088.6 million). The decrease in total equity was mainly attributable to the recognition of the expected credit loss allowance for the Reporting Period.

The Group's net current liabilities as at 31 December 2019 amounted to approximately RMB283.2 million (31 December 2018: net current assets of approximately RMB30.9 million). The current ratio, which is calculated by dividing current assets by current liabilities, was 0.76 as at 31 December 2019 (31 December 2018: 1.03).

Liquidity and Financial Resources

The Group adopts prudent cash and financial management policies. In order to achieve better cost control and reduce capital cost, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi and Hong Kong dollars.

Included in current assets were cash and various bank deposits which was about RMB12.6 million in total as at 31 December 2019, representing a decrease by about 74.0% as compared with that of approximately RMB48.4 million as at 31 December 2018.

The Group's trade receivables as at 31 December 2019 amounted to approximately RMB777.6 million (2018: approximately RMB1,035.7 million), representing a decrease by 24.9% for the corresponding period of the preceding year.

As at 31 December 2019, total liabilities of the Group amounted to approximately RMB1,284.0 million (31 December 2018: RMB1,260.5 million). The Group's gearing ratio (calculated by interest bearing instruments (including bank borrowings, other borrowings and bonds payable) divided by total equity) increased to 43.2% (2018: 32.0%).

Capital Structure of the Group

Capital structure of the Group consists of debts, which include amounts due to non-controlling shareholders of a subsidiary, bank borrowings, other borrowings and bonds payable and equity reserves attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues and share buybacks as well as the issue of new debts or the redemption of existing debts.

Charge over Assets of the Group

As at 31 December 2019, the Group's bank borrowings were secured by charges over certain dredgers and land owned by the Group, a property owned by a company in which Mr. Liu has beneficial interest and personal guarantees by Mr. Liu and Ms. Zhou. There were also intragroup charges between two of the Company's wholly-owned subsidiaries as a result of the contractual arrangements, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu Holdings Group Limited* (江蘇興宇控股集團有限公司) have been transferred to Xiangyu PRC.

The Group pledged over a dredger, an industrial premise located in Jiangsu Province, the PRC and a residential property located in Shandong Province, the PRC in favour of the Bondholder and/or its affiliates.

Material Acquisitions and Disposals

The Group had no material investments in or material acquisitions or disposals of subsidiaries during the current year.

Capital Commitments and Contingent Liabilities

As at 31 December 2019, the Group had capital commitments of approximately RMB66.2 million (31 December 2018: approximately RMB67.2 million), which mainly included the construction cost of the hotel.

As at 31 December 2019, the Group did not have any material contingent liabilities (31 December 2018: nil).

Business Review

The Group recorded an operating revenue of approximately RMB442.4 million and gross profit of approximately RMB51.4 million, representing a decrease of 28.5% and 57.8% respectively for the corresponding period of the preceding year. The decrease in operating revenue primarily resulted from the slowdown of the implementation of the construction projects in dredging industry in the mainland China and the implementation of a more robust and prudent policy by the Group in selecting new projects in recent years by taking into consideration the control of the operational risks and the collection of receivables on time. Despite a drop in revenue, substantial costs such as depreciation of assets and maintenance of equipment did not change proportionately, which led to a decrease in gross profit.

The CRD Business is the Group's core business. Owing to the stepping up impact of environmental protection policies in recent years, reclamation has been strictly regulated in mainland China. Red lines are drawn for marine ecological protection together with the natural coastlines property rights and use controls in several coastal provinces, which have had a significant impact on reclamation dredging business. During the Reporting Period, the Group continuously explored overseas markets and actively undertaken several dredging projects in Bangladesh, Cambodia and Thailand. The decreased revenue generated by such business segment was attributable to the comparatively higher initial investment costs for the expansion of these overseas projects while the production capacity has not yet been unleased, which led to the decline in revenue and gross profit margin of this business segment. Meanwhile, owing to the greater variations in the volatility of new project construction conditions and the greater uncertainty in collection of receivables in the industry, the Group adopts a robust and prudent operating strategy to ensure an effective control of various possible operational risks as well as to speed up the collection of receivables.

The Group develops and expands the EPD and Water Management Business segment proactively. The Group recorded a decrease in revenue during the Reporting Period, which was attributable to the slow progress in implementing certain environmental protection dredging projects.

Other Marine Business includes installing marine wind power equipment, hoisting major parts of docks and bridges, laying underwater pipelines and other works services. Due to the rapid development of the marine wind power constructions in mainland China, the Group will continuously increase its investment in the related equipment for the wind power constructions in order to grasp more such business opportunities.

Easyhome Yancheng Shopping Mall, located in the administrative centre of Yandu District, Yancheng City, Jiangsu Province, the PRC and the core area of Yancheng National High-tech Industrial Development Zone with a gross floor area of 75,600 square metres, is mainly used for leasing under the Property Management Business. The shopping mall was positioned as a largescale shopping center with domestic construction materials as its theme, offering one-stop services from furniture, housewares to decoration materials to customers. As for now, there are about 100 tenants in Easyhome Yancheng Shopping Mall which include renowned houseware brands such as Steel-Land, Cheers, M&Z Furniture, Landbond Minim and Telonang.

In addition to the operation and lease of shopping malls, the Group also commenced to construct a hotel located at the west of Caihong Road, Yancheng City, Jiangsu Province, with a gross floor area of 20,000 square metres. Currently, the related construction works of the hotel has not been completed because of the funding of the Group.

EVENT AFTER END OF REPORTING PERIOD

On 20 January 2020, the Company granted 17,000,000 share options to an eligible participant under its share option scheme adopted on 24 May 2011. The options will entitle the eligible participant to subscribe for up to 17,000,000 new shares of HK$0.01 each in the share capital of the Company, representing approximately 0.95% of all the shares in issue as at the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

The sustained development of our business leverages on the ongoing contributions by our employees. The Board considers employees the Group's most valuable wealth and is committed to improving their growth environment, providing them competitive remuneration packages and safeguarding their health and safety. As at 31 December 2019, the Group had 519 (2018: 567) employees. The total staff cost for the Reporting Period was about RMB45.8 million (2018: RMB58.6 million). The Group's remuneration policy is basically determined by the Directors based on the performance of individual employees and market conditions. In addition to salaries and discretionary bonuses, employee benefits include pension contributions and options which may be granted under share option scheme.

OUTLOOK

Looking into the year of 2020, the Group will carry on with its efforts to enhance the effectiveness of its dredging business and expects to bring reasonable returns to the Group's shareholders through obtaining more works contracts within and outside mainland China by virtue of our rich construction experience on dredging projects and good relationship with our customers.

For capital operation, based on the progress of its substantial construction projects, the Group will actively identify and materialise feasible financial plans, thus strengthening the flexibility of capital resources and enhancing the capital structure of the Group, so as to satisfy, support and meet the Group's business development. Meanwhile, the Company will continue to seek opportunities to raise additional funds to redeem the relevant Bonds. When there is any material development made, the Company will timely inform the shareholders and potential investors.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

CORPORATE GOVERNANCE CODE

The Group has applied the principles and adopted all code provisions, where applicable, of the code provisions as contained in "Corporate Governance Code and Corporate Governance Report" set out in Appendix 14 to the Listing Rules as the Group's own code of corporate governance (the "CG Code"). The Directors consider that the Company has complied with all applicable code provisions under the CG Code during the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' dealings in the Company's securities.

Having made specific enquiry to the Directors, all Directors had confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 December 2019.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") comprises of three independent non-executive Directors namely, Mr. Chan Ming Sun, Jonathan (chairman), Mr. Huan Xuedong and Mr. Liang Zequan.

The unaudited annual results of the Group have been reviewed by the Audit Committee.

REVIEW OF UNAUDITED ANNUAL RESULTS

The audit process of the annual results of the Group for the year ended 31 December 2019 has not been completed due to the COVID-19 outbreak. Thus, the unaudited annual results contained herein have not been agreed with the Company's auditor as required under rule 13.49(2) of the Listing Rules.

Upon the completion of the audit process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. It is expected that the audited annual results will be published on or before 30 April 2020.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the auditor of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

By order of the Board
China Dredging Environment Protection Holdings Limited
Liu Kaijin
Chairman and executive Director

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises Mr. Liu Kaijin as Chairman and Executive Director; Mr. Wu Xuze as Executive Director and Chief Executive Officer; Ms. Zhou Shuhua as Executive Director; and Mr. Huan Xuedong, Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan as Independent Non-executive Directors.

* *For identification purpose only*