



Yangzijiang Shipbuilding (Holdings) Ltd
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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang earnings up 11% to RMB799.2 million in 1Q2014

- Group gross profit margin supported by financial investments segment at 29.5%; shipbuilding gross profit margin remains healthy at 24.0%
- Strong order momentum and shipbuilding order book of US\$5.19 billion to keep shipyards highly utilized until the end of 2016
- Diversified operations consisting of five business segments to sustain Group performance through shipbuilding trough

SINGAPORE – 30 April 2014 – Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang” or “the Group” or “扬子江船业控股有限公司”), one of PRC’s leading and most enterprising shipbuilder listed on the SGX Main Board, reported net profit attributable to shareholders of RMB799.2 million for the three months ended 31 March 2014 (“1Q2014”).

Financial Highlights	1Q2014	1Q2013	Chg
	RMB'000	RMB'000	%
Revenue	3,554,996	2,866,624	24
Gross Profit	1,047,916	1,033,773	1
<i>Gross Profit Margin</i>	29.5%	36.1%	-
<i>Expenses *</i>	(199,734)	(174,025)	15
Other Income	91,998	73,263	26
Other Gains	64,343	56,861	13
Net Profit Attributable to Equity Holders (PATMI)	799,185	717,173	11
<i>PATMI Margin</i>	22.5%	25.0%	-

* Expenses include administrative expenses and finance expenses

1Q2014 analysis

Total revenue for the Group increased 24.0% to RMB3.6 billion in 1Q2014. The Shipbuilding related segment remained as the Group's core revenue driver, contributing about 82.3% to the Group's revenue in 1Q2014 (1Q2013: 86.2%).

Revenue from the shipbuilding related segment increased 18.4% to RMB2.9 billion in 1Q2014. Within this segment, the shipbuilding business contributed 63% with the delivery of 7 vessels in 1Q2014. Revenue was also significantly improved by the growth trading business, which contributed about 34% to the shipbuilding related segment. Other shipbuilding related operations such as ship demolition, design services and shipping logistics and chartering recorded RMB69.7 million in revenue during 1Q2014.

Group revenue was also lifted by a 59.1% growth in the Investment segment (comprising of interest income from financial assets, held-to-maturity and micro finance business). With steady investments in held to maturity assets, interest income derived from held to maturity investments increased 60.0% to RMB597.3 million in 1Q2014, while revenue from the micro finance business improved 42.2% to RMB30.5 million.

The Group's shipbuilding related segment withstood the challenging environment, and continued to register a healthy gross profit margin of 24.0% in 1Q2014 (1Q2013: 26.0%) due to the construction and delivery of large vessels with higher margins. However, other ship related businesses such as ship demolishing, fabrication services and trading generally generates lower margins. Therefore, the surge in trading business lowered overall shipbuilding related segment margins to 16% in 1Q2014. This was balanced by the increase in contribution from the investment segment, which lifted group gross profit margin to 29.5% in 1Q2014 (1Q2013: 36.1%).

Other income, consisting of interest income from bank deposits and charter income from the ship finance leasing business, increased 25.6% to RMB92.0 million in 1Q2014. Other gains increased by 13.2% to RMB64.3 million, comprised mainly of foreign exchange related gains. Despite an increase in business activities, administrative expenses remained at a healthy level due to the Group's cost management efforts.

Jiangsu New Yangzi Shipbuilding Co. Ltd was accredited as a High/New Technology Enterprise in March 2014, allowing a preferential tax rate of 15% for a period of three years commencing 2013. As a result, the Group's income tax expense declined 24% in 1Q2014, leading to an 11% increase in net profit attributable to shareholders to RMB799.2 million. This translated into basic earnings per share of RMB20.86 cents in 1Q2014 (1Q2013: RMB18.72 cents).

Balance Sheet (RMB'000)	31 Mar 2014	31 Dec 2013
Property, Plant and Equipment	5,849,878	5,793,041
Restricted Cash	6,810,590	8,416,977
Cash & Cash Equivalents	2,908,962	1,436,246
Financial Assets, Held-to-Maturity	12,770,959	14,127,351
Total Borrowing	14,539,265	13,373,442
Total Equity	19,103,166	18,272,881
Gross Gearing (Borrowings / Equity)	76.1%	73.2%
Net Gearing (Net Borrowings* / Equity)	25.2%	19.3%

*Borrowings - (restricted cash + cash & cash equivalents)

Investment in held-to-maturity assets tapered to RMB12.8 billion as at 31 March 2014. Net gearing of the Group increased to 25.2% as at 31 March 2014, partly due to the acquisition of 100% stake in Jiangsu Hengyuan Real Estate Development Co. Ltd and the subsequent consolidation of its financial statements in 1Q2014. Similarly, the Group now has property under development amounting to RMB4.2 billion, while trade and other payables increased 41.3% to RMB8.6 billion.

OUTLOOK/ FUTURE PLANS

The Group's business operations are divided into five main segments – 1) Shipbuilding and Offshore, 2) Financial Investments, 3) Shipping Logistics and Chartering, 4) Ship Demolition, Steel Fabrication and related trading businesses, and 5) Property Development. While the Shipbuilding and Offshore and Financial Investments segments will remain the largest revenue and profit contributors in the near term, the Group will also devote its efforts into progressively growing the three remaining business segments.

The Group delivered 7 vessels in 1Q2014. Year-to-date, the Group has secured effective shipbuilding orders for 26 vessels worth US\$1.07 billion. These comprise of 3 units of 64,000 DWT bulk carriers, 14 units of 82,000 DWT bulk carriers, 3 units of 208,000 DWT bulk carriers, 2 units of 1,100 TEU containerships, and 4 units of 10,000 TEU containerships. The Group has 4 outstanding options for 10,000 TEU containerships. Based on the current outstanding order book of US\$5.19 billion for 125 vessels, the Group's shipyards will remain highly utilized until the end of 2016.

For the offshore segment, construction of the Group's jack-up rig is progressing according to schedule for delivery in mid 2015.

The Group plans to increase the number of vessels held under the Shipping Logistics and Chartering segment with 4 bulk carriers. Upon their targeted delivery in 2015, the Group will have a total 9 bulk carriers in its fleet.

For the property segment, the Group expects to start recognizing relocation fees as relocation works at the old yard is almost complete. The Group will also seek to gradually grow the ship demolition, steel fabrication and related trading businesses. In 2013, the Group established two subsidiaries in Singapore for trading operations.

The Group has identified 5 business segments, which will strengthen its core expertise in commercial shipbuilding and extend its capability into the offshore oil and gas sector. The Group will endeavor to grow each of its five business segments in order to manage the cyclical nature of the shipbuilding industry, and to achieve a more diversified income stream.

The Board remains confident of the Group's financial performance for the year 2014.

“2014 is off to a good start. We are happy that Jiangsu New Yangzi Shipbuilding Co. Ltd has been recognized as a High/New Technology Enterprise contributing to the Chinese shipbuilding industry. The accreditation is timely, as it will alleviate pressure on the Group’s profitability at a time when we are executing contracts secured during the shipbuilding industry downturn. Nevertheless, we are very encouraged by the strong order momentum we have seen over the past months, and are more optimistic of the shipbuilding environment in the coming years.

Although we have begun to build our reputation in the large containership segment, there remains much room for improvement. The Group will focus on perfecting the construction of 10,000 TEU containerships in the near term, and thereafter setting our sights on larger, more sophisticated vessels such as 14,000 TEU containerships and LPG vessels. Similarly, the Group hopes that the jack up rig will establish our capabilities in the offshore segment, and pave the way for future projects.

The shipbuilding industry downturn has had silver linings. For one, it called attention to YZJ’s resilience and helped us in gaining a larger market share. Secondly, we have seen how a diversified income stream has safeguarded our profitability. As such, the Group intends to extend our diversification process. We have identified five business segments, and will work towards growing each of them to the optimum proportion. In this way, we believe that shareholders’ interests are better protected over the long term.”

Mr Ren Yuanlin (任元林), Executive Chairman, Yangzijiang

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ABOUT YANGZIJIANG SHIPBUILDING (HOLDINGS) LIMITED (Bloomberg Ticker: YZJ SP)

Established in 1956 and listed on SGX-Mainboard since April 2007, Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang Shipbuilding” or collectively known as the “Group”) is the largest Chinese listed entity on SGX-Mainboard. Yangzijiang Shipbuilding is also one of the largest non-state-owned publicly listed shipbuilder by virtue of manufacturing capability in the PRC. Notably, the Group is the first Chinese shipyard to secure the 10,000 TEU containership orders in 2011.

Yangzijiang Shipbuilding has evolved into an integrated marine service provider with core shipbuilding business and exposure in ship demolition and offshore industry. The Group’s niche lies in construction of commercial vessels ranging from containerships, bulk cargo carriers and multi-purpose cargo vessels. The Group owns three shipyards in Jiangsu Province, China along the Yangtze River, with total available capacity of 2.0 million CGT and total production area spanning approximately 400 hectares.

The Group has also a wholly-owned ship demolition yard in Jiangsu Province, China with a total production capacity of 200,000 Light Displacement Tonnage (“LDT”). Going forward, the Group has plans to expand the production capacity to 600,000 LDT by 2015.

Yangzijiang Shipbuilding partnered Qatar Investment Corporation, investment arm of Qatar sovereign fund, through a Joint Venture Agreement in 2011 to incorporate an offshore headquarter in Singapore and to establish an offshore construction base in Taicang City, China. The Group wishes to capitalize on the talent pool in Singapore to construct mega offshore structures in China, where the Group can further leverage on China’s cost efficiency, proximity to raw materials and labour. The offshore construction base sits on a land area of about 156 hectares with 1,500 meters of coastline.

For more information please visit the website at: www.yzjship.com

Issued for and on behalf of Yangzijiang Shipbuilding (Holdings) Limited

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