



YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(Company Registration No. 200517636Z)

(Incorporated in the Republic of Singapore on 21 December 2005)

RESPONSE TO THE SGX'S QUERY REGARDING THE ANNUAL REPORT FY2015

The Board of Directors (the "Board") of Yangzijiang Shipbuilding (Holdings) Ltd. (the "Company") refers to the Annual Report FY2015 which was dispatched to the shareholders on 31 March 2016 and wishes to provide the following additional information in response to the query raised by the Singapore Exchange Securities Trading Limited (the "SGX") in its email on 25 April 2016.

SGX's Query:-

- a. *Guideline 11.3 of the Code of Corporate Governance 2012 (the "Code") states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report (emphasis added).*

We note the Board's comment on the adequacy of the internal controls of the Company on page 42.

As required under Listing Rule 710, please disclose the Board's comment on the effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems as recommended in the Code; or otherwise provide an explanation for any deviation from the recommendation.

Company's Response:-

The Board and the Audit Committee are of the opinion that the risk management and internal control systems of the Group addressing the financial, operational, compliance and information technology risks put in place during the financial year were adequate and effective, based on the internal controls established and maintained by the Group, work performed by the Internal Audit Team, independent auditors, and reviews performed by the management, various board committees and the Board so far.

SGX's Query:-

- b. *Guideline 9.4 of the Code recommends disclosure of details of remuneration of employees who are immediate family members of a director or the CEO and whose remuneration exceeds S\$50,000 during the year.*



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We note the disclosure on page 40 that, save as disclosed, none of the full-time employees are related to the directors, substantial shareholders or controlling shareholders. However, it was not disclosed as to whether there is any employee who is immediate family member of the CEO and whose remuneration exceeds S\$50,000 during the year.

As required under Listing Rule 710, please disclose details of remuneration of employees who are immediate family members of the CEO and whose remuneration exceeds S\$50,000 during the year in incremental bands of S\$50,000 as recommended in the Code; or otherwise disclose and explain any deviation from the recommendation.

Company's Response:-

The Board refers to remuneration of employees who are immediate family members of a director or the CEO and whose remuneration exceeds S\$50,000 during the year as disclosed on page 40 of the Annual Report FY2015. Save as disclosed therein, the Group does not have any other full-time employee who is an immediate family member of a Director or CEO and whose remuneration exceeded S\$50,000 during the financial year.

SGX's Query:-

- c. *Listing Rule 715(1) states that subject to Listing Rule 716(1), an issuer must engage the same auditing firm based in Singapore to audit its accounts, and its Singapore incorporated subsidiaries and significant associated companies. The Company also confirmed on page 44 its compliance with Listing Rule 715(1) in relation to the appointment of its independent auditors.*

We note on page 144 that two Singapore-incorporated subsidiaries, Yitian Investment Ptd. Ltd. and Baoling Investment Pte. Ltd, were "audited by other accounting firms for local statutory purposes".

In this regard,

- (1) please disclose the details of such "other accounting firms" ; and
(2) in view of the above, please confirm whether the Company is in compliance with Listing Rule 716.*



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Company's Response:-

The Board wishes to inform that Yitian Investment Pte Ltd and Baoling Investment Pte Ltd, companies incorporated in Singapore, both audited by different audit firm from the Company, S C Mohan PAC. The Audit Committee and the Board have reviewed the appointment of different auditors for its subsidiaries and/or associated companies and satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Therefore, the Company is in compliance with Rules 712 and 716 of the Listing Manual of the SGX-ST.

By Order of the Board

Ren Yuanlin
Executive Chairman
25 April 2016