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## MEDIA RELEASE – FOR IMMEDIATE RELEASE

### **Yangzijiang Reports Earnings of RMB1,031 Million for 2Q2015, New Shipbuilding Orders Secured Worth USD510 Million**

- Total revenue increased by 34% to RMB5.7 billion supported by growth in both Shipbuilding Related and Investment segments in 2Q2015
- Shipbuilding revenue increased by 12% to RMB3.76 billion in 2Q2015, however, shipbuilding profit margin decreased to 15%
- Secured new orders for four 9,700 TEU and four 3,800 TEU containerships worth USD510 million in total, customer requests to change types of vessels have added USD25.4 million to outstanding order book

**SINGAPORE – 4 August 2015 – Yangzijiang Shipbuilding (Holdings) Limited** (“Yangzijiang” or the “Group”), one of PRC’s leading and most enterprising shipbuilder listed on the SGX Main Board, reported net profit attributable to shareholders of RMB1,031 million for the three months ended 30 June 2015 (“2Q2015”).

Financial Highlights	2Q2015	2Q2014	Chg	1H2015	1H2014	Chg
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	5,709,976	4,273,855	34	8,753,534	7,828,851	12
Gross Profit	1,029,824	1,183,533	(13)	1,813,063	2,231,449	(19)
Gross Profit Margin	18%	28%	-	21%	29%	-
Expenses ^	(157,415)	(192,873)	(18)	(276,601)	(392,607)	(30)
Other Income	64,709	214,981	(70)	191,753	306,979	(38)
Other Gains / (losses)	412,102	(29,766)	n.m.*	540,918	34,577	1464
Net Profit Attributable to Equity Holders	1,030,603	1,235,981	(17)	1,737,481	2,035,166	(15)
PATMI Margin	18%	29%	-	20%	26%	-

\* n.m.: Not meaningful

^ Expenses include administrative expenses and finance expenses

## **2Q2015 Analysis**

Total revenue increased 34% to RMB5.7 billion year-on-year (“yoy”) in 2Q2015. Shipbuilding Related Segment remained as the Group’s core revenue driver, contributing about RMB5.23 billion, or 91.6% to the Group’s revenue in 2Q2015 (2Q2014: 91.5%). Held-to-Maturity (“HTM”) and Micro Finance Business under Investment Segment contributed 7.8% and 0.6% of the total revenue respectively.

11 vessels were delivered in 2Q2015 according to schedule, which was higher than the 9 vessels delivered in 2Q2014. As a result, revenue from shipbuilding business increased by 12% yoy to RMB3.76 billion in 2Q2015. Revenue from trading business increased substantially yoy from RMB0.48 billion in 2Q2014 to RMB1.42 billion in 2Q2015, and other complimentary businesses such as shipping & logistics also contributed positively to the revenue of the Group.

Shipbuilding business had a gross profit margin of 15% for 2Q2015 compared to 24% for 2Q2014, as a higher proportion of the revenue recognized during the quarter was from vessels with lower profit margin contracted in recent years. Trading business, which carries a much lower margin of 2%, contributed about 27% of the revenue to the Shipbuilding Related Segment, and weighed on the overall gross profit margin for the segment.

As a whole, Investment Segment interest income increased by 32.6% yoy to RMB0.48 billion in the quarter, of which, interest income from HTM financial assets increased by 31.3% yoy to RMB0.45 billion in 2Q2015. This was despite the fact that the size of total HTM portfolio has reduced, as several higher return investments matured in the quarter.

The net interest income from the HTM Investment increased in line with the interest income, and net interest income margin was stable at 92%.

Other income decreased significantly from RMB215 million in 2Q2014 to RMB65 million in 2Q2015, primarily due to the lower interest income generated from restricted cash. The Group’s restricted cash decreased significantly compared to last year, as it gradually repaid bank borrowings backed by restricted cash deposit and shifted to un-collateralized borrowings with longer tenors.

The Group recorded other gains of RMB412 million in 2Q2015 compared to other losses of RMB30 million in 2Q2014, mainly due to the gain on the disposal of financial assets, available-for-sale of RMB157 million, higher foreign exchange related gains of RMB155 million and governmental subsidy of RMB124 million received during the quarter.

Administrative expenses and finance cost decreased by 12% and 26% yoy respectively for 2Q2015, following the Group's continued effort in cost rationalization. As a result, overall expense ratio decreased to 2.8% for the quarter, compared to 4.5% for 2Q2014.

Group delivered net profit attributable to shareholders of RMB1,031 million in 2Q2015, 17% lower yoy as the 2Q2014 net profit was boosted by a net tax credit of RMB85.3. Fully diluted earnings per share were RMB26.90 cents, compared to RMB32.26 cents for 2Q2014.

<b>Balance Sheet (RMB'000)</b>	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>
<b>Property, Plant and Equipment</b>	6,325,530	6,116,517
<b>Restricted Cash</b>	398,710	3,325,850
<b>Cash &amp; Cash Equivalents</b>	3,731,763	2,652,565
<b>Financial Assets, Held-to-Maturity</b>	10,754,135	10,791,200
<b>Total Borrowing</b>	8,223,140	8,050,355
<b>Total Equity</b>	21,769,492	21,076,011
<b>Gross Gearing (Borrowings / Equity)</b>	37.8%	38.2%
<b>Net Gearing (Net Borrowings* / Equity)</b>	18.8%	9.8%

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

Cash and cash equivalents increased from RMB2.7 billion as at the end of 2014 to RMB3.7 billion as at 30 June 2015, primarily supported by cash generated from operating activities. With the Group's strategy to control the size of investment in non-shipbuilding businesses, investments in HTM financial assets decreased to RMB10.8 billion as at 30 June 2015 compared to RMB11.7 billion as at end of last quarter. Net asset value per share increased to RMB5.53 as of 30 June 2015 from RMB5.34 as at the end of 2014, and gross gearing decreased to 37.8% as at 30 June 2015 from 38.2% as at the end of 2014.

## REVIEW / OUTLOOK/ FUTURE PLANS

According to Clarkson Research, new shipbuilding orders around the globe was 13.28 million CGT for 1H2015, accounting for only 49.2% of that for 1H2014.<sup>1</sup> The Chinese shipbuilding industry took a harder hit from the downturn, with new orders for the first half of the year decreased by 72% yoy.<sup>2</sup>

As of end of June 2015, the Group had an outstanding order book of USD4.14 billion, comprising 102 vessels. The outstanding order book will keep the Group's yard facilities highly utilized until mid-2017. In addition, the Group secured new shipbuilding contracts

<sup>1</sup> <http://www.businesskorea.co.kr/article/11292/talking-ship-south-korea-keeps-top-spot-shipbuilding-orders-5-months>

<sup>2</sup> <http://www.chinanews.com/cj/2015/07-30/7436806.shtml>

in July & August 2015 for four 3,800 TEU and four 9,700 TEU containerships, for a total contract value of USD 510 million, each with options for four more vessels.

The Group has a long tradition of providing the flexibility for customers to amend orders whenever feasible. Due to the negative demand outlook for dry bulk shipping, the Group received several requests from customers to change the types of vessels during the quarter, primarily from dry bulk carriers to containerships. The amendments of a total of nine existing orders were confirmed in 2Q2015, and most of which were accompanied by increases in contract value. Following which, there was a total increment in outstanding order book of USD25.4 million.

As part of the strategy to reduce the exposure to the real estate industry, and redirect resources to the core shipbuilding and related businesses, the Group has recently disposed of the entire 100% equity interest in Jiangsu Hengyuan Real Estate Development Co., Ltd. After the disposal, the Group is left with only one real estate project, with a focus on the development of residential buildings on the former shipyard land vacated by the Group's wholly-owned subsidiary, Jiangsu Yangzijiang Shipbuilding Co., Ltd in Jiangyin city.

*“After a short recovery in the shipbuilding market in the first half of 2014, the contraction mode resumed in the past two quarters. The prolonged downturn has led many companies in the industry, including the larger ones, to face financial difficulties. We have always been well aware of the challenges ahead, and have designed our strategies in product development, marketing, customer relations and financial asset management accordingly. As a result, we have been delivering stable financial performance even in the adversity of the market.*

*Since we added LNG carriers to our product portfolio following the new orders for the two 27,500 CBM vessels last quarter, the project has been progressing well and as per schedule. We will make every effort to ensure the successful debut of this new innovative product. In addition, we have added clean energy vessels, such as LNG-fuelled vessels to our product range as part of our growth strategy. We have made the necessary investments and our dedicated team has been working on the R&D of clean energy vessels; marketing and other relevant preparation have also started last year. We are in talks with potential clients and will launch the production once orders are secured. Clean energy vessels will represent an important addition to our existing, already diversified product portfolio, and will cater to the broader trend on the global shipbuilding market.*

*The total investment in the Held-to-Maturity has reduced from the end of 1Q2015, and we will continue controlling the size of HTM assets. At the same time, we will evaluate the investment opportunities in our upstream and downstream companies, and make investment through various vehicles. We will confine the investment within the areas that we have in-depth knowledge in, and our dedicated investment team will be responsible for the management in this*

*capacity, with the assistance of a stringent risk-control system.*

*Over the past few years, we have built up a strong financial position, with cash balance increased further this quarter supported by our stable development in the core shipbuilding business, and the prudent financial management. The strong financial position enables us to retain great flexibility in order taking, remain financially self-sufficient in the production process, and in turn help us keep a consistent delivery record. This has been an important factor for the Group to build a reputation among customers, maintain long-term business relationships and gradually form a virtuous circle.”*

*---- Mr Ren Yuanlin (任元林), Executive Chairman,  
Yangzijiang Shipbuilding (Holdings) Ltd*

*--The End--*

*For more information please visit the website at: [www.yzjship.com](http://www.yzjship.com)*

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

By Financial PR Pte Ltd

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