



**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**  
 (Company Registration No. 200517636Z)  
 (Incorporated in the Republic of Singapore)

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**

**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			
	3rd Quarter				January - September			
	3Q 2015	% of	3Q 2014	+ / (-)%	9M 2015	% of	9M 2014	+ / (-)%
	RMB'000	Revenue	RMB'000	Variance	RMB'000	Revenue	RMB'000	Variance
Revenue	4,135,569	100%	3,742,739	10%	12,889,103	100%	11,571,590	11%
Cost of sales	(3,158,956)	-76%	(2,678,818)	18%	(10,099,427)	-78%	(8,276,220)	22%
Gross profit	976,613	24%	1,063,921	-8%	2,789,676	22%	3,295,370	-15%
Other income	39,649	1%	68,743	-42%	231,402	2%	375,722	-38%
Other gains, net	241,892	6%	74,714	224%	782,810	6%	109,290	616%
Expenses								
- Administrative	(71,741)	-2%	(88,702)	-19%	(231,839)	-2%	(281,772)	-18%
- Finance	(221,700)	-5%	(95,045)	133%	(338,203)	-3%	(294,580)	15%
Share of profit/(loss) of associated companies and a joint venture <sup>#</sup>	3,750	0.1%	2,415	55%	3,860	0.03%	(12,896)	n.m.
Profit before income tax	968,463	23%	1,026,046	-6%	3,237,706	25%	3,191,134	1%
Income tax expense	(277,720)	-7%	(214,254)	30%	(791,955)	-6%	(340,980)	132%
<b>Net profit</b>	<b>690,743</b>	<b>17%</b>	<b>811,792</b>	<b>-15%</b>	<b>2,445,751</b>	<b>19%</b>	<b>2,850,154</b>	<b>-14%</b>
<b>Attributable to:</b>								
Equity holders of the Company	680,665	16%	811,191	-16%	2,418,146	19%	2,846,358	-15%
Non-controlling interests	10,078	0.2%	601	1577%	27,605	0.2%	3,796	627%
	<b>690,743</b>		<b>811,792</b>	<b>-15%</b>	<b>2,445,751</b>		<b>2,850,154</b>	<b>-14%</b>

<sup>#</sup> 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:**

	<b>The Group</b>		<b>+ / (-) % Variance %</b>
	<b>3rd Quarter</b>		
	<b>3Q2015</b>	<b>3Q2014</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
<b>After charging:</b>			
Depreciation and amortization	125,356	103,883	21%
Finance costs - Interest on borrowings	221,700	95,045	133%
Loss on disposal of financial assets, available-for-sale	207,120	-	n.m.
Loss from disposal of subsidiaries	100,530	-	n.m.
Foreign exchange related losses/(gains), net	157,867	(35,682)	n.m.
<b>After crediting:</b>			
Interest income	39,649	68,743	-42%
Subsidy income	562,044	15,937	3427%
Reversal of impairment loss of financial assets, held-to-maturity	85,711	-	n.m.
Service rendered	47,958	-	n.m.
Dividend Income	-	15,785	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 30 Sep 2015 RMB'000	As at 31 Dec 2014 RMB'000	As at 30 Sep 2015 RMB'000	As at 31 Dec 2014 RMB'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5,863,175	2,652,565	203,940	422,096
Restricted cash	1,814,299	3,325,850	-	-
Derivative financial instruments	81,124	2,620	52,576	2,302
Financial assets, available-for-sale	271,935	788,437	-	-
Financial assets, held-to-maturity	5,472,531	5,278,932	-	-
Trade and other receivables	6,098,076	6,721,164	6,153,638	8,119,194
Inventories	1,338,400	2,015,098	-	-
Land held for development	112,396	112,396	-	-
Development properties	1,212,456	2,765,475	-	-
Due from customers on construction contracts	3,310,309	2,099,919	-	-
	<b>25,574,701</b>	<b>25,762,456</b>	<b>6,410,154</b>	<b>8,543,592</b>
<b>Non-current assets</b>				
Financial assets, held-to-maturity	4,263,882	5,512,268	-	-
Trade and other receivables	1,069,942	1,167,835	1,702,045	1,209,360
Derivative financial instruments	30	-	30	-
Lease prepayments	1,114,283	1,132,687	-	-
Investment in subsidiaries	-	-	5,333,707	5,358,707
Investment in a joint venture	345,483	345,483	349,249	349,249
Investment in associated companies	674,322	463,468	134,062	134,062
Property, plant and equipment	6,605,747	6,116,517	59	79
Intangible assets	2,340	2,402	-	-
Deferred income tax assets	262,407	274,866	-	-
	<b>14,338,436</b>	<b>15,015,526</b>	<b>7,519,152</b>	<b>7,051,457</b>
<b>Total assets</b>	<b>39,913,137</b>	<b>40,777,982</b>	<b>13,929,306</b>	<b>15,595,049</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	4,144,492	5,722,708	1,901,158	1,691,920
Derivative financial instruments	104,646	39,200	57,580	39,097
Due to customers on construction contracts	1,324,212	2,406,297	-	-
Advances received on construction contracts	563,820	703,369	-	-
Borrowings	2,518,446	5,414,188	816,382	3,079,608
Provisions	743,744	600,332	-	-
Current income tax liabilities	576,072	478,048	221,893	210,565
	<b>9,975,432</b>	<b>15,364,142</b>	<b>2,997,013</b>	<b>5,021,190</b>
<b>Non-current liabilities</b>				
Trade and other payables	510,111	506,983	-	-
Derivative financial instruments	233,033	50,784	233,033	50,784
Borrowings	5,598,580	2,636,167	2,544,520	1,223,800
Deferred income tax liabilities	1,244,199	1,143,895	525,172	525,172
	<b>7,585,923</b>	<b>4,337,829</b>	<b>3,302,725</b>	<b>1,799,756</b>
<b>Total liabilities</b>	<b>17,561,355</b>	<b>19,701,971</b>	<b>6,299,738</b>	<b>6,820,946</b>
<b>NET ASSETS</b>	<b>22,351,782</b>	<b>21,076,011</b>	<b>7,629,568</b>	<b>8,774,103</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	6,263,016	6,263,016	6,227,799	6,227,799
Treasury shares	(20,979)	(20,979)	(20,979)	(20,979)
Other reserves	120,757	(6,514)	50,888	50,888
Retained earnings	15,398,718	14,237,871	1,371,860	2,516,395
	<b>21,761,512</b>	<b>20,473,394</b>	<b>7,629,568</b>	<b>8,774,103</b>
<b>Non-controlling interests</b>	<b>590,270</b>	<b>602,617</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>22,351,782</b>	<b>21,076,011</b>	<b>7,629,568</b>	<b>8,774,103</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30 September 2015</b>		<b>As at 31 December 2014</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
286,855	2,231,591	3,353,953	2,060,235

**Amount repayable after one year**

<b>As at 30 September 2015</b>		<b>As at 31 December 2014</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,181,800	4,416,780	1,126,367	1,509,800

**Details of any collateral**

The borrowings from the bank are secured by certain assets 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.**

	<b>The Group</b>	
	3rd Quarter	
	<b>3Q 2015</b>	<b>3Q 2014</b>
	RMB '000	RMB '000
<b>Cash flows from operating activities</b>		
Net profit	690,743	811,792
Adjustments for:		
- Income tax expenses	277,720	214,254
- Depreciation on property, plant and equipment	119,540	98,805
- Amortisation of lease prepayment	5,730	5,076
- Amortisation of intangible assets	86	2
- Interest expenses	221,700	95,045
- Fair value change on derivative financial instruments	281,557	(9,514)
- Loss on disposal of financial assets, available for sale	207,120	-
- Loss from disposal of subsidiaries	100,530	-
- Gain from disposal of associated companies	-	(13,590)
- Share of profit of associated companies and a joint venture	(3,750)	(2,415)
	<b>1,900,976</b>	<b>1,199,455</b>
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	65,815	(312,283)
- Development properties	(119,209)	(140,173)
- Construction contract balances	(227,238)	(1,537,705)
- Trade and other receivables	555,591	122,035
- Trade and other payables	(915,163)	797,410
- Financial assets, held-to-maturity	1,771,498	353,600
- Provisions	39,810	153,528
- Restricted cash	(1,417,621)	1,348,211
Cash generated from operations	1,654,459	1,984,078
Interest paid	(56,020)	(92,077)
Income tax paid	(153,495)	(32,370)
<b>Net cash provided by operating activities</b>	<b>1,444,944</b>	<b>1,859,631</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(75,613)	(142,286)
Acquisition of financial assets, available-for-sale	-	(75,556)
Proceeds from sales of financial assets, available-for-sale	798,509	-
Incorporation / acquisition of additional shares in associated companies	(226,463)	-
Return of capital by associated companies	22,724	-
Net cash (outflow) / inflow from sales of investment in subsidiaries	(7,258)	194,785
Proceeds from sales of investment in an associated company	130,000	108,300
<b>Net cash provided by investing activities</b>	<b>641,899</b>	<b>85,243</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,708,980	967,983
Repayments of borrowings	(1,661,774)	(1,494,584)
Dividend paid to non-controlling interests	(2,637)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>44,569</b>	<b>(526,601)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,131,412</b>	<b>1,418,273</b>
Cash and cash equivalents at the beginning of financial period	3,731,763	2,643,423
<b>Cash and cash equivalents at the end of financial period</b>	<b>5,863,175</b>	<b>4,061,696</b>

**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.**

	The Group		The Group	
	3rd Quarter		9 Months	
	3Q2015	3Q2014	9M2015	9M2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Net Profit</b>	690,743	811,792	2,445,751	2,850,154
<b>Other comprehensive income:</b>				
Financial assets, available-for-sale				
- Fair value losses	(34,816)	-	(34,816)	-
- Transfers to income statement	-	-	(75,159)	-
<b>Total comprehensive income, net of tax</b>	<b>655,927</b>	811,792	<b>2,335,776</b>	2,850,154
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	645,849	811,191	2,308,171	2,846,358
Non-controlling interests	10,078	601	27,605	3,796
	<b>655,927</b>	811,792	<b>2,335,776</b>	2,850,154

**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 capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 July 2015</b>	6,263,016	(20,979)	161,733	14,773,893	21,177,663	591,829	21,769,492
Transfer between equity <sup>(1)</sup>	-	-	55,840	(55,840)	-	-	-
Dividend paid to Non-controlling interests <sup>(2)</sup>	-	-	-	-	-	(2,637)	(2,637)
Disposal of a subsidiary <sup>(3)</sup>	-	-	(62,000)	-	(62,000)	(9,000)	(71,000)
Total comprehensive income	-	-	(34,816)	680,665	645,849	10,078	655,927
<b>Balance at 30 September 2015</b>	<b>6,263,016</b>	<b>(20,979)</b>	<b>120,757</b>	<b>15,398,718</b>	<b>21,761,512</b>	<b>590,270</b>	<b>22,351,782</b>
<b>Balance at 1 July 2014</b>	6,263,016	(20,979)	(374,210)	13,014,377	18,882,204	512,729	19,394,933
Transfer between equity	-	-	86,323	(86,323)	-	-	-
Acquisition of Subsidiaries	-	-	-	-	-	(9,694)	(9,694)
Disposal of Subsidiaries	-	-	-	-	-	95,000	95,000
Total comprehensive income	-	-	-	811,191	811,191	601	811,792
<b>Balance at 30 September 2014</b>	<b>6,263,016</b>	<b>(20,979)</b>	<b>(287,887)</b>	<b>13,739,245</b>	<b>19,693,395</b>	<b>598,636</b>	<b>20,292,031</b>

## THE COMPANY

	Attributable to equity holders of the Company				Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
<b>Balance at 1 July 2015</b>	6,227,799	(20,979)	50,888	1,645,922	7,903,630
Total comprehensive income	-	-	-	(274,062)	(274,062)
<b>Balance at 30 September 2015</b>	<b>6,227,799</b>	<b>(20,979)</b>	<b>50,888</b>	<b>1,371,860</b>	<b>7,629,568</b>
<b>Balance at 1 July 2014</b>	6,227,799	(20,979)	50,888	240,042	6,497,750
Total comprehensive income	-	-	-	(20,133)	(20,133)
<b>Balance at 30 September 2014</b>	<b>6,227,799</b>	<b>(20,979)</b>	<b>50,888</b>	<b>219,909</b>	<b>6,477,617</b>

- (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) In 3Q2015, the Company's subsidiary, Jiangsu New Yangzi Gas Co., Ltd ("JNYGCO") declared dividend to its shareholders. RMB2.64 million represents dividend paid to non-controlling interests, the company holds 75% of equity interest in JNYGCO.
- (3) In 3Q2015, the Company through its wholly-owned subsidiary Jiangsu New Yangzi Shipbuilding Co., Ltd ("JNYS") disposed the entire 100% equity interest in the registered capital of Jiangsu Hengyuan Real Estate Development Co., Ltd and its subsidiaries.

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

There was no change in Company's share capital since 30 June 2015.

**1(d)(iii) Number of shares that may be issued on conversion of all outstanding convertibles as at the end of the current financial period and as at the end of corresponding period of immediately preceding year.**

	Number of Shares ('000)	
	As at 30 September 2015	As at 30 September 2014
Shares may be issued on conversion	-	-

**1(d)(iv) Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period and as at the end of the corresponding period of immediately preceding year.**

	Number of Shares ('000)	
	As at 30 September 2015	As at 30 September 2014
Shares held as treasury shares	5,239	5,239
Issued shares excluding treasury shares	3,831,838	3,831,838

**1(d)(v) 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 30 September 2015	As at 31 December 2014
Issued shares at the end of periods	3,837,077	3,837,077
Treasury shares at the end of periods	(5,239)	(5,239)
Issued shares excluding treasury shares	<u>3,831,838</u>	<u>3,831,838</u>

**1(d)(vi) 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 July 2015	5,239	20,979
Repurchased during 3Q2015	-	-
Treasury shares re-issued	-	-
Balance as at 30 September 2015	<u>5,239</u>	<u>20,979</u>

**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?**

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INTFRS") that are mandatory for application for the financial year as follows:

- FRS 103 Business Combinations



The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

- **FRS 108 Operating Segments**

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- **FRS 24 Related Party Disclosures**

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- **FRS 113 Fair Value Measurement**

The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

The adoption of these new FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial periods.

**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:-**

	<b>The Group</b>	
	<b>3Q2015</b>	<b>3Q 2014</b>
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	17.76	21.17
Weighted average number of Ordinary shares	3,831,838,000	3,831,838,000
(b) On fully diluted basis (RMB cents)	17.76	21.17

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.**

	The Group		The Company	
	30/09/15	31/12/14	30/09/15	31/12/14
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	567.91	534.30	199.11	228.98

The Group's and the Company's net assets value per ordinary share as at 30 September 2015 and 31 December 2014 have been computed based on the share capital of 3,831,838,000 shares.

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	3Q2015		3Q2014	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	3,344,668	100%	3,078,025	100%
Cost	(2,726,010)	-82%	(2,427,946)	-79%
Margin	<b>618,658</b>	18%	<b>650,079</b>	21%
Trading				
Turnover	375,828	100%	215,131	100%
Cost	(370,816)	-99%	(210,900)	-98%
Margin	<b>5,012</b>	1%	<b>4,231</b>	2%
Others				
Turnover	55,147	100%	16,549	100%
Cost	(51,407)	-93%	(13,178)	-80%
Margin	<b>3,740</b>	7%	<b>3,371</b>	20%

Investment Segment	3Q2015		3Q2014	
	RMB'000	%	RMB'000	%
Held-to-Maturity Investment				
Interest Income	335,576	100%	406,774	100%
Sale taxes and levies	(9,894)	-3%	(25,906)	-6%
Net interest income	<b>325,682</b>	97%	<b>380,868</b>	94%
Micro Finance Business				
Interest Income	24,350	100%	26,260	100%
Sale taxes and levies	(829)	-3%	(888)	-3%
Net interest income	<b>23,521</b>	97%	<b>25,372</b>	97%

#### Revenue

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

9 vessels were delivered in 3Q2015 according to schedule, which was higher than 8 delivered in 3Q2014. As a result, revenue derived from shipbuilding business increased by 9% from RMB3,078 million in 3Q2014 to RMB3,345 million in 3Q2015. Meanwhile, revenue contribution from trading business increased as compared to same quarter last year as a result of higher volume of trading business in this quarter. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB55 million in 3Q2015, compared to RMB17 million in 3Q2014. The increase was mainly due to the growth of the group's shipping logistics & chartering business.

In line with reduced investment portfolio as compared to same quarter last year, interest income derived from HTM financial assets under the investment segment decreased from RMB407 million in 3Q2014 to RMB336 million in 3Q2015.

Investment income derived from micro finance business in 3Q2015 decreased marginally to RMB24 million as compared to RMB26 million of 3Q2014.

#### Operating cost

In line with higher revenue derived from shipbuilding business in 3Q2015, cost of sales of RMB2,726 million was also higher than that of RMB2,428 million recorded in 3Q2014.

In 3Q2015, total cost of RMB10.7 million was incurred for the Group's investment segment, which mainly consist of sale taxes and levies on interest income.

#### Gross Profit

Gross profit margin of the Group's shipbuilding business registered at 18.5% in 3Q2015 as compared to 21.1% of 3Q2014, the decrease is mainly due to higher revenue recognition from construction of vessels with lower profit margin contracted in recent years. Trading business contributed about 10% of revenue from shipbuilding related segment in 3Q2015 with typically low gross profit margin of 1%.

In line with lower interest income from investment segment, net interest income contributed by this segment in 3Q2015 was also lower than same quarter last year.

#### Other income

Other income, which includes interest income from bank deposits and interest income for ship finance lease, decreased from RMB69 million in 3Q2014 to RMB40 million in 3Q2015. The decrease was mainly due to lower interest income generated from restricted cash. The Group's restricted cash had decreased significantly as compared to last year as a result of its funding strategy to gradually repay bank borrowings backed by restricted cash deposit and shift to unsecured borrowings with longer tenors.

#### Other gains - net

The Group recorded other gains of RMB242 million in 3Q2015 as compared to RMB75 million in 3Q2014, and it was mainly due to recognition of RMB557 million out of total RMB715 million compensation received from government for the relocation of the former shipyard at Jiangyin, the remaining RMB158 million will be recognized when recognition condition is met. This one-off gain was partially offset by a loss of RMB207 million on disposal of financial assets, available-for-sale; loss from disposal of Jiangsu Hengyuan Real Estate Development Co., Ltd of RMB101 million and foreign exchange related losses of RMB158 million. The foreign exchange related losses were mainly related to fair value loss of the outstanding derivative financial instruments that the Group plan to hold to maturity to mitigate the currency exposure of the group's future incoming USD denominated income from shipbuilding business.

#### Expenses

As a result of the Group's efforts to control overall administrative expenses, the Group's administrative expenses in 3Q2015 were maintained at similar levels as in 3Q2014.

Significant increase in finance cost from RMB95 million in 3Q2014 to RMB222 million in 3Q2015 was mainly due to a revaluation loss on USD borrowings as a result of depreciation of RMB against USD at the end of 3Q2015 as compared to previous quarter.

#### Share of results of associated companies and a joint venture

It represents the share of results from the Group's associated companies and the Group's joint venture PPL Holdings Pte Ltd.

## Corporate Income Tax

Group's effective tax rate for 3Q2015 was 28.7%. The taxation charge of RMB278 million was arrived after accounting for 6% withholding tax on Chinese subsidiaries' distributable profits and average corporate tax rate of 17% in year 2015. Higher effective tax rate of this quarter was mainly due to negative mark-to-market variation on derivative instruments recorded as other losses which are not deductible losses for tax purpose.

## **Statements of financial position review**

### Assets

With construction of contracts that have less favourable payment terms, due from customers for construction contracts at the end of this quarter further increased to RMB3,310 million as compared to RMB2,100 million as at the end of last year.

As a result of the disposal of Jiangsu Hengyuan Real Estate Development Co., Ltd in 3Q2015, development properties reduced significantly to RMB1,212 million from RMB2,958 million at the end of previous quarter. The Group now only has one real estate project, which is the land development of the residential buildings on the former shipyard land vacated by the Group's wholly-owned subsidiary, Jiangsu Yangzijiang Shipbuilding Co., Ltd.

With the Group's strategy to control the size of investment in non-shipbuilding businesses, as at 30 September 2015, investments in HTM financial assets further decreased to RMB9.7 billion from RMB10.8 billion as at end of last quarter.

Investment in a joint venture represents the Company's 45% interests in PPL Holdings Pte Ltd.

The increase of investment in associated companies from RMB622 million as at the end of last quarter to RMB674 million was mainly due to additional investment in two venture capital companies and disposal of an associated company.

### Liabilities

As more contracts with less favourable payment terms have started construction, due to customers on construction contracts at the end of 3Q2015 had further decreased to RMB1,324 million as compared to RMB1,695 million at the end of last quarter. Advances received on construction contracts increased from RMB336 million to RMB 564 million as more new orders were secured during 3<sup>rd</sup> quarter of 2015.

Warranty provisions for completed and delivered vessels were up by RMB40 million as compared to 30 June 2015, due to vessels being delivered during the reporting period.

Borrowings represented the Group's secured and unsecured borrowings of RMB8,117 million at the end of 3Q2015, decreased marginally from RMB8,223 million as of 30 June 2015. The group's funding strategy is to gradually repay bank borrowings backed by restricted cash deposit and shift to unsecured borrowings with longer tenors.

Non-current trade and other payables mainly represented deposits received from the charterers of 5 vessels that the Group acquired in 3Q2012 through its wholly owned subsidiary – Yangzijiang Shipping Pte Ltd. The deposit accounted for 30% of initial vessel price.

The increase in deferred income tax liabilities is mainly due to withholding tax provided for the distributable profits of our subsidiaries in China.

### Derivative financial instruments

This relates to the fair value of the outstanding derivative financial instruments which were acquired to mitigate the currency exposure of the group's future incoming USD denominated income from shipbuilding business.

### Equity

The change of "Total equity attributable to equity holders" to RMB21,762 million as at 30 September 2015 from RMB21,178 million as at 30 June 2015 was mainly a result of profits earned during the reporting period.

## Statements of cash flows review

Cash and cash equivalents increased to RMB5,863 million from RMB3,732 million as at 30 June 2015, mainly due to the net cash of RMB1,445 million provided by operating activities.

Operating profit before working capital changes of RMB1,901 million consist mainly of profit generated during 3Q2015, net of non-cash items such as interest expenses, depreciation and amortization.

Increase in net working capital requirements (including restricted cash) of RMB456 million was primarily attributable to the increase of restricted cash and construction contract balance due from customers of RMB1,418 million and RMB227 million respectively, and the decrease of trade and other payable of RMB915 million, which was largely offset by the decrease of financial assets, held-to-maturity of RMB1,771 million and trade and other receivable of RMB 556 million.

The net cash provided by investing activities of RMB642 million was mainly attributable to the proceeds from sales of financial assets, available for sale of RMB799 million.

Net cash provided by financing activities of RMB45 million during 3Q2015 mainly consist of proceeds from borrowings net of repayment of borrowings of RMB47 million. Overall liquidity improved further as evidenced by the current ratio of 2.56 as of 30 September 2015 as compare to 2.00 as of 30 June 2015.

### **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.**

According to Clarkson Research, new shipbuilding orders around the globe decreased by 45% year-on-year to 24.4 million CGT in the first three quarters of 2015<sup>1</sup>, compared to the 43.9 million CGT for full year 2014. The slowdown in new orders was more severe at Chinese shipyards compared to Japanese and South Korean shipyards, primarily due to their different product structure – most Chinese shipyards rely heavily on dry bulkers, while Japanese and Korean shipyards have placed increased focus on large containerships and oil tankers.

Over years, Yangzijiang has been dedicated to enhance its R&D capabilities and constantly introduce new vessel types and models, and gradually established a well-diversified product portfolio, including large-size containerships, capesize dry bulkers, LNG carriers and VLGC vessels. As one of the best shipyards in China, the Group has continued to fetch a healthy flow of new orders. As at end of September 2015, the Group had an outstanding order book of USD 4.8 billion, comprising 107 vessels. The delivery date of the outstanding order book is scheduled to optimize the use of yards' facilities up to 2018.

Since the announcement on August 4, 2015, there were a total of another 12 new shipbuilding orders worth USD730 million becoming effective, which includes two units of 84,000CBM VLGC vessels, four units of 11,800 TEU containerships, four units of 3,800 TEU containerships and two units of 1,900 TEU containerships. In addition, the four units of 9,700 TEU containerships announced in August 2015 have each been changed to 11,800 TEU, accompanied by increments in contract value.

With the prudent financial management and a rigorous risk control system, the Group has maintained a strong financial position. This has not only freed the Group from the need to rely on external financial resources, but has also given financial institutions, including state banks, the confidence to willingly offer the credit lines and even refer business to the Group.

From time to time, there are M&A opportunities that are presented to the Group. The group will only evaluate the M&A opportunities that are accretive to our core shipbuilding business, offer favourable return, and enhance shareholder value and the competitiveness of the Group in the long run.

<sup>1</sup> [http://www.eworldship.com/html/2015/ship\\_market\\_observation\\_1022/107844.html](http://www.eworldship.com/html/2015/ship_market_observation_1022/107844.html)

While the consolidation process in the Chinese shipbuilding industry is expected to continue, challenges give rise to opportunities. As excess shipbuilding capacity is gradually being removed from the market, and the remaining capacities are increasingly focused on high-technology and more sophisticated vessels, shipyards with strong R&D capabilities, established client network, consistent delivery record and sound financial position are expected to benefit from this process and grow stronger.

Relying on our sound practices and execution strength, our people are fully committed to the Group's growth plan for the next phase. With our healthy cash holdings and order backlog, the Board remains confident of the Group's financial performance for FY2015.

## 11. Dividend

**(a) Current Financial Period Reported On**

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

None

**(c) Whether the dividend is before tax, net of tax or tax exempt**

Not applicable.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

## 12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared for the period under review.

### 13. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the third quarter ended 30 September 2015:

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)
<u>Xu Wen Jiong</u> West Gold International Pte Ltd Procurement of marine equipment	RMB22,716,000 *	Nil <sup>^</sup>

\*Aggregate value less than 3% of Group's NTA as at 30 September 2015, shareholder mandate not applicable.

<sup>^</sup>The Company does not obtain a shareholders' mandate for interested person transactions.

### 14. CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Ren Yuanlin and Teo Yi-dar, being two of the Directors of Yangzijiang Shipbuilding (Holdings) Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company (the "Board") that, to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the period ended 30 September 2015 to be false or misleading, in all material respects.

On behalf of the Board of Directors

Ren Yuanlin  
Executive Chairman

Teo Yi-dar  
Independent Director