



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

**Yangzijiang registers earnings of
RMB1.1 billion for 9M2016,
ranked No.1 in China and No.4 in the world with
USD4.4 billion outstanding order book**

- Group reported revenue of RMB3.9 billion for 3Q2016, 6% lower compared to 3Q2015 due to the decline in revenue from shipbuilding related segment
- Gross profit margin for core shipbuilding business increased to 24% for 3Q2016 compared to 18% for 2Q2015, supported by reversal of warranty provision and RMB depreciation against USD
- Group secured new orders for 3 units of 1,900 TEU containerships in September 2016, and new shipbuilding orders of USD650 million in total year to date
- Outstanding order book stood at USD4.4 billion as at the end of September 2016, comprising 85 vessels, to keep optimal use of yards' facilities till 2018-2019

SINGAPORE – 8 November 2016 – Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang” or the “Group”), a globally-leading shipbuilder based in China and listed on the SGX Main Board, reported net profit attributable to shareholders of RMB281.2 million for the three months ended 30 September 2016 (“3Q2016”).

3Q2016 Analysis

Financial Highlights	3Q2016	3Q2015	Chg	9M2016	9M2015	Chg
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	3,880,364	4,135,569	(6)	9,581,200	12,889,103	(26)
Gross Profit	869,412	976,613	(11)	2,202,129	2,789,676	(21)
Gross Profit Margin	22%	24%	-	23%	22%	-
Expenses ^	(215,555)	(293,441)	(27)	(594,483)	(570,042)	4
Other Income	501,078	39,649	1164	597,315	231,402	158
Other Gains / (loss)	(509,813)	241,892	n.m.	(274,946)	782,810	n.m.
Net Profit Attributable to Equity Holders	281,219	680,665	(59)	1,144,595	2,418,146	(53)
PATMI Margin	7%	16%	-	12%	19%	-

* n.m.: Not meaningful

^ Expenses include administrative expenses and finance expenses

Group's total revenue declined 6% year-on-year ("yoy") to RMB3.9 billion in 3Q2016. Revenue from Shipbuilding business, contributing 70% of the total revenue, declined by 19% to RMB2.7 billion as eight vessels were delivered in 3Q2016 compared to nine vessels in 3Q2015. Revenue from trading business increased from RMB375.8 million in 3Q2015 to RMB874.3 million in 3Q2016 backed by higher trading volume. Revenue from other shipbuilding related segment increased from RMB55.1 million in 3Q2015 to RMB81.2 million in 3Q2016, supported by higher revenue recognition from ship demolition business. Under investment segment, interest income derived from held to maturity ("HTM") financial assets decreased from RMB335.6 million in 3Q2015 to RMB214.2 million in 3Q2016. The decrease was mainly due to the lower interest rate received as Group diverted an increasing amount of investment to government-related projects.

The gross profit margin for Shipbuilding business increased to 24% in 3Q2016 from 18% in 3Q2015, supported by the reversal of warranty provision for vessels delivered in previous period, and the depreciation of RMB against USD during 3Q2016. The net interest income margin for HTM investment declined slightly to 92% in 3Q2016 compared to 97% for 3Q2015. A gross loss of RMB4 million was recorded for other

shipbuilding related business, due to decreased charter rate for the shipping logistics & chartering business.

Other income increased significantly from RMB40 million in 3Q2015 to RMB501 million in 3Q2016, mainly due to the recognition of RMB434 million advances from the previous ship owners that terminated shipbuilding contracts.

The Group recorded other losses of RMB510 million in 3Q2016 as compared to a gain of RMB242 million in 3Q2015. The loss was primarily due to the impairment provision of RMB531 million made for vessels owned and operated by its shipping arm and additional impairment provision of RMB219 million made for HTM investments accordingly to group policy. These impairment items were partially offset by a subsidy income of RMB107 million and foreign exchange related gain of RMB 84 million.

The Group's administrative expenses increased from RMB72 million in 3Q2015 to RMB115 million in 3Q2016, mainly due to a reversal of bad debt provision for the Group's micro finance business of RMB 33 million in 3Q2015. In 3Q2016, finance cost of RMB100 million was significantly lower than the RMB222 million of 3Q2015, due to a significantly higher revaluation loss on USD borrowings as a result of depreciation of RMB against USD at the end of 3Q2015.

The Group delivered net profit attributable to shareholders of RMB281.2 million in 3Q2016 compared to RMB680.7 million in 3Q2015. Fully diluted earnings per share was RMB7.3 cents for 3Q2016, compared to RMB17.8 cents for 3Q2015.

Balance Sheet (RMB'000)	30 Sep 2016	31 Dec 2015
Property, Plant and Equipment	6,051,930	6,401,967
Restricted Cash	1,439,980	1,028,550
Cash & Cash Equivalents	5,754,886	5,992,935
Financial Assets, Held-to-Maturity	10,954,178	9,972,406
Total Borrowing	7,327,058	8,282,421
Total Equity	22,610,863	22,358,981
Gross Gearing (Borrowings / Equity)	32.4%	37.0%
Net Gearing (Net Borrowings* / Equity)	0.6%	5.6%

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

Group continued to maintain a strong balance sheet as the gross gearing and net gearing decreased to 32.4% and 0.6% as at 30 September 2016 from 37.0% and 5.6% respectively as at the end of 2015. Net asset value per share increased to RMB5.77 as at 30 September 2016 from RMB5.69 as at the end of 2015.

REVIEW / OUTLOOK/ FUTURE PLANS

In 3Q2016, the Group secured new orders for 3 units of 1900TEU containerships and 4 units of 1800TEU containerships. Year to date, the Group has secured a total of 13 shipbuilding orders with an aggregate contract value of approximately USD650 million. As at 30 September, the Group had an outstanding order book of USD4.4 billion, comprising 85 vessels; New Yangzi Yard, a major yard of the Group, was ranked no.1 in China and no. 4 in the world in terms of outstanding order book. The delivery date of the outstanding order book is scheduled to optimize the use of yard's facility and provide the earnings visibility for up to 2018-2019.

Six shipbuilding orders were terminated in 3Q2016, and the construction for three of which has not started. The Group is actively seeking for buyers for three vessels under construction. An average of approximately 20% down payment of contract value has been collected for these six terminated contracts, and the group will recognise down payment according to its accounting policy.

“We have worked hard to build up the order book and the delivery track record, manage cancellation risk, explore opportunities in specialized vessels and high-value added vessels where demand is stronger, and optimize profit through further cost rationalization.

Despite that the global outstanding order book declined to the lowest level since 2004 in the severe, prolonged market downturn, Yangzijiang remained in smooth operation and profitable, backed by a strong financial position. Our financial strength provides reliable financing for the shipbuilding activities, gives customer the confidence in order placement, and helps in procurement and cost

management. These are the key factors that support Yangzijiang to stand the test of an adverse market, and we are confident that Yangzijiang will be one of the strongest shipbuilding entities in the world that survive the challenges. ”

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

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Company Profile

Established in 1956, Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang Shipbuilding” or collectively known as the “Group”) is one of the largest private shipbuilding companies in China. The Group is listed on SGX Mainboard since April 2007, and is currently one of the Straits Times Index (“STI”) constituent stocks. With four shipyards in Jiangsu Province, China along the Yangtze River, the Group produces a broad range of commercial vessels including large containerships and bulk carriers, serving the orders from a well-established customer network covering America, Europe and other parts of the world.

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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