



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

**Yangzijiang registers earnings of
RMB448.0 million for 1Q2016,
secures new shipbuilding orders
worth USD510 million in 2016 YTD**

- **Group’s revenue declined by 11% to RMB2.7 billion mainly due to decline in revenue from shipbuilding related segment**
- **Gross profit margin for core shipbuilding business increased to 23% for 1Q2016 compared to 21% for 1Q2015, supported by reversal of warranty provision**
- **Group recently won new shipbuilding orders for six 400,000DWT VLOCs worth USD510 million**
- **With the order wins, the outstanding order book stands at USD4.7 billion, comprising 93 vessels, to keep optimal use of yards’ facilities to 2018-2019**

SINGAPORE – 28 April 2016 – 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 RMB448.0 million for the three months ended 31 March 2016 (“1Q2016”).

1Q2016 Analysis

Financial Highlights	1Q2016	1Q2015	Chg
	RMB'000	RMB'000	%
Revenue	2,707,285	3,043,558	(11)
Gross Profit	648,482	783,239	(17)
Gross Profit Margin	24%	26%	-
Expenses ^	(138,867)	(119,186)	17
Other Income	45,153	127,044	(64)
Other Gains	140,591	128,816	9
Net Profit Attributable to Equity Holders	447,977	706,878	(37)
PATMI Margin	17%	23%	-

* n.m.: Not meaningful

^ Expenses include administrative expenses and finance expenses

Group's total revenue declined 11% year-on-year ("yoy") to RMB2.7 billion. Shipbuilding business registered a decline of 13% in its revenue contribution to RMB2.0 billion as even though more vessels were delivered in 1Q2016 (15 vessels) as compared to 1Q2015 (10 vessels), vessels delivered were of relatively smaller sizes. With higher volumes, the revenue from trading business increased from RMB355.5 million in 1Q2015 to RMB429.7 million in 1Q2016. The revenue from other shipbuilding related segment decreased from RMB68.5 million in 1Q2015 to RMB44.3 million in 1Q2016 as the Group's shipping logistics and chartering business faced decreased charter rates in a depressed market. Under investment segment, with reduced investment portfolio compared to 1Q2015, the interest income derived from held to maturity ("HTM") financial assets decreased from RMB266.3 million in 1Q2015 to RMB200.4 million in 1Q2016.

Despite delivering smaller sized vessels, the gross profit margin for Shipbuilding business increased to 23% for 1Q2016 from 21% in 1Q2015, supported by the reversal of RMB40 million warranty provisions upon expiry of warranty for vessels delivered previously. Trading business, which carries a much lower margin of 1%, contributed about 17% of the revenue to the overall Shipbuilding Related Segment in 1Q2016. The net interest income margin for HTM investment remained stable at 94% in 1Q2016 when compared to that of 1Q2015.

Other income, which comprises mainly the interest income from bank deposits and ship finance lease business, decreased by RMB81.9 million to RMB45.2 million in 1Q2016 as compared to 1Q2015. This reduction was mainly due to recognition of RMB88 million of forfeited deposits from the previous ship owners of the terminated shipbuilding contracts in 1Q2015.

Group recorded other gains of RMB140.6 million in 1Q2016 as compared to a gain of RMB128.8 million in 1Q2015. The other gains mainly comprises a foreign exchange related gain of RMB103 million and subsidy income of RMB47 million.

The Group continued to put extra emphasis towards cost control measures, as a result, the administrative expenses in 1Q2016 remained almost flat at RMB69.0 million. Finance expenses registered an increase of 38% yoy to RMB69.8 million in 1Q2016 as part of the Group's funding strategy to gradually shift the debt structure towards a higher proportion of long term un-collateralized borrowings with a relatively higher interest rate as compared to short term secured borrowing.

Consequently, the Group delivered net profit attributable to shareholders of RMB448.0 million in 1Q2016 as compared to RMB706.9 million in 1Q2015. Fully diluted earnings per share were RMB11.69 cents for 1Q2016, compared to RMB18.45 cents for 1Q2015.

Balance Sheet (RMB'000)	31 Mar 2016	31 Dec 2015
Property, Plant and Equipment	6,293,247	6,401,967
Restricted Cash	1,580,177	1,028,550
Cash & Cash Equivalents	7,222,376	5,992,935
Financial Assets, Held-to-Maturity	10,574,122	9,972,406
Total Borrowing	8,210,151	8,282,421
Total Equity	22,818,592	22,358,981
Gross Gearing (Borrowings / Equity)	36.0%	37.0%
Net Gearing (Net Borrowings* / Equity)	Net Cash	5.6%

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

Cash and cash equivalents increased from RMB6.0 billion as at the end of 2015 to RMB7.2 billion as at 31 March 2016, primarily supported by cash generated from operating activities in 1Q2016. With increased cash and cash equivalents, the Group strengthened

its balance sheet as the gross gearing decreased slightly to 36.0%, and reached a net cash position as at end of 1Q2016. Net asset value per share increased to RMB5.81 as at 31 March 2016 from RMB5.69 as at the end of 2015.

REVIEW / OUTLOOK/ FUTURE PLANS

Against the backdrop of a generally weaker shipbuilding market, the Group did phenomenally well in securing new building contracts in 2016 so far. The Group secured new shipbuilding contracts for six units of 400,000DWT VLOCs worth USD510 million in early April.

As of 31 March 2016, the Group has an outstanding order book of USD4.7 billion, comprising 93 vessels. The delivery date of the outstanding order book is scheduled to optimize the use of yards' facilities up to 2018-2019.

“With significant oversupply of vessels and weak demand, the shipbuilding industry is going through the downside of a major business cycle. New shipbuilding orders diminished in the market, contract value declined and profit margins were squeezed. While the market condition impacted Yangzijiang’s financial performance, we remained reasonably profitable after all the persistent efforts.

Notably, the six Valemax orders marked another record for Yangzijiang to receive orders from state-owned entity in China, while all other Valemax orders this batch were given to state-owned yards. This was an endorsement on Yangzijiang’s extraordinary shipbuilding capability and a recognition from major Chinese ship owners on Yangzijiang as an industry leader. The order size was also significant, especially when the market is weak.

We will continue to build up its outstanding order book to ensure optimal use of yard facilities, and our R&D effort will assist us in introducing more high-technology, specialized and tailored vessels. Operationally, we will ensure smooth production and successful delivery of vessels, especially the clean-energy vessels including the LNG carriers and the VLGCs, and optimize profit through further cost

rationalization. We will also evaluate M&A opportunities that offer favourable return and are accretive to its core shipbuilding business, as the restructuring / consolidation in the industry brings along some opportunities.

Yangzijiang’s financial strength, execution ability and strong reputation in the industry have shown their value in the industry downturn, and these are the reasons why we maintained profitability and remain reasonably confident in our business outlook.”

*--- 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 company 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, bulk carriers, LNG carriers and VLGC vessels, serving the orders from a well-established customer network covering America, Europe and other parts of the world. Since listing on SGX, it has delivered consistent growth in the past nine years.

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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