

Yangzijiang Shipbuilding (Holdings) Ltd.

Results Briefing
FY2010
22nd February 2011



Yangzijiang Shipbuilding (Holdings) Ltd.



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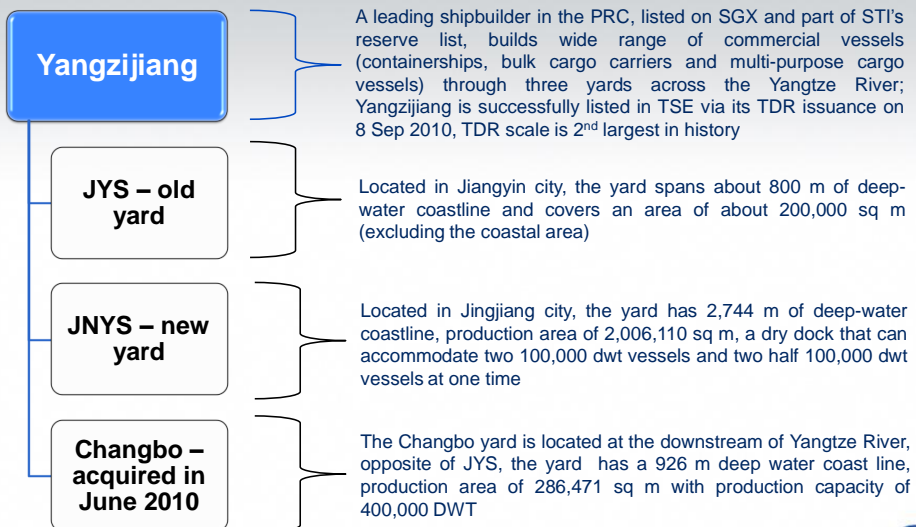
Section 1 Group Overview



Yangzijiang Shipbuilding (Holdings) Ltd.



Group Profile



Yangzijiang Shipbuilding (Holdings) Ltd.

Excellent track record

Uncompromising Quality & Prompt Delivery



Competitive advantages

- High level of quality and well acclaimed by shipbuilding surveyors
- Repeat orders from long term clients
- Prompt in delivery of vessels
- Well managed operations – less cost overruns

Group's niche

- Sophisticated designs = minimum modifications
- Least retrofitting of tools = significant reduction of fixed cost per vessel
- Mass production = economies of scale

Building capacity

- For the old yard, it is currently 0.2 million CGT
- For the new yard, it will be progressively expanded to 0.8 million CGT
- For the Changbo yard, capacity will be ramped till 0.2 million CGT once integrated in the Group

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Yangzijiang Shipbuilding (Holdings) Ltd.

Quality Clients



- ◆ Canadry (Italy)
- ◆ Carisbrooke (UK)
- ◆ Cosco (China)
- ◆ D'amato (Italy)
- ◆ Formosa (Taiwan)
- ◆ Fujian Shipping Company (China)
- ◆ Nova Shipping (Singapore)
- ◆ Jiangsu Huayuan (China)
- ◆ Hansa Shipping (Germany)
- ◆ IMS Shipping (Italy)
- ◆ Peter Dohle (Germany)
- ◆ Rickers Reederei (Germany)
- ◆ Ship Finance International (Norway)
- ◆ Tomas Schulte (Germany)
- ◆ Arielor Mittal (India)

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Yangzijiang Shipbuilding (Holdings) Ltd.

Share Information

Share price (as at close of 21 February 2011)	S\$1.89
Market capitalization	S\$7.25 billion
52 week high / low	S\$ 2.09 / 1.03
P/E	12.90
P/B	4.25
Dividend yield (gross indicated)	1.85%
Number of shares	3.84 billion
Major shareholders:	Ren Yuanlin (28.45%) Wang Dong (13.60%) Public Float (41.05%)

Source: Bloomberg (21 February 2011)



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Section 2 Financial Overview



Yangzijiang Shipbuilding (Holdings) Ltd.



Results Highlight

For 4Q2010 yoy



Financial Highlights	4Q2010	4Q2009	Change	Reason/s
	RMB'000	RMB'000	%	
Revenue	4,090,266	3,443,410	19	Increased number of vessels under construction and increased yard efficiency
Gross Profit	856,721	677,095	27	Higher margin from construction and delivery of shipbuilding contracts that were secured prior to the crisis
Gross Profit Margin	20.9%	19.7%	-	
Other Income	356,830	180,583	98	Increased investment in held-to-maturity products
Other Gains/(Losses)	(40,829)	(61,307)	(33)	Negative mark-to-market variation for the outstanding orders in EUR
Operating Expenses	(77,909)	(69,689)	12	Inclusion of Changbo's, Runyuan's and JZME's operating expense
Net Profit Attributable to Equity holders	838,093	645,085	30%	
Net Profit Margin	20.5%	18.7%	-	

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Yangzijiang Shipbuilding (Holdings) Ltd.

Results Highlight

For 4Q2010 qoq



Financial Highlights	4Q2010	3Q2010	Change
	RMB'000	RMB'000	%
Revenue	4,090,266	3,083,587	33
Gross Profit	856,721	724,645	18
Gross Profit Margin	20.9%	23.5%	-
Other Income	356,830	203,014	76
Other Gains/(Losses)	(40,829)	80,569	-
Operating Expenses	(77,909)	(107,475)	(28)
Net Profit Attributable to Equityholders	838,093	730,371	15
Net Profit Margin	20.5%	23.7%	-

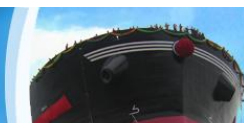
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Yangzijiang Shipbuilding (Holdings) Ltd.

Results Highlight

For FY2010 yoy



Financial Highlights	FY2010	FY2009	Change
	RMB'000	RMB'000	%
Revenue	12,922,808	10,623,642	22
Gross Profit	2,907,872	2,234,672	30
Gross Profit Margin	22.5%	21.0%	-
Other Income	876,172	360,527	143
Other Gains/(Losses)	93,361	178,708	(48)
Operating Expenses	(221,349)	(212,539)	4
Net Profit Attributable to Equityholders	2,955,342	2,289,951	29
Net Profit Margin	22.9%	21.6%	-

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Yangzijiang Shipbuilding (Holdings) Ltd.

Results Highlight

Balance Sheet



Financial Highlights	31 Dec 2010	31 Dec 2009
	RMB'000	RMB'000
Property, Plant and Equipment	2,629,809	1,966,580
Restricted Cash	2,204,414	2,979,646
Cash & Cash Equivalents	4,543,038	3,806,955
Total Debt	1,226,759	907,077
Total Equity	10,078,477	6,310,304
Gross Gearing	12.2%	14.4%
Net Gearing	Net Cash	Net Cash
Net Asset Value per Ordinary Share (RMB cents)	258.76	172.73

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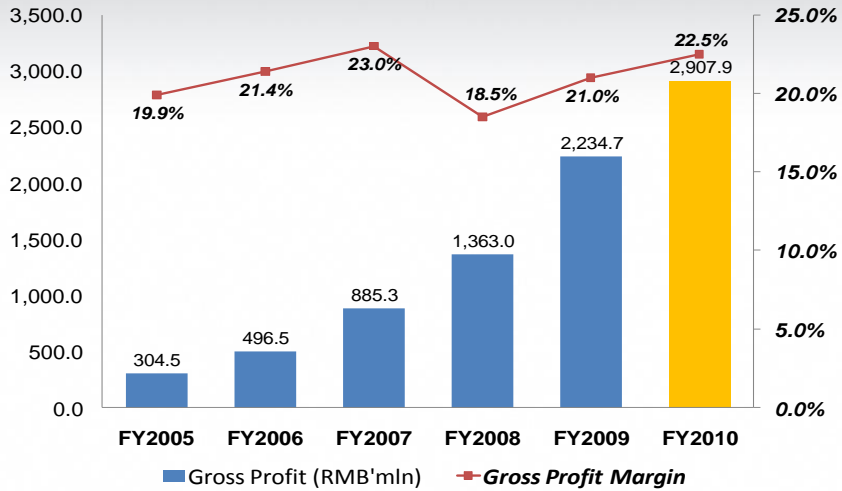


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Profitability Trends



Gross Profit



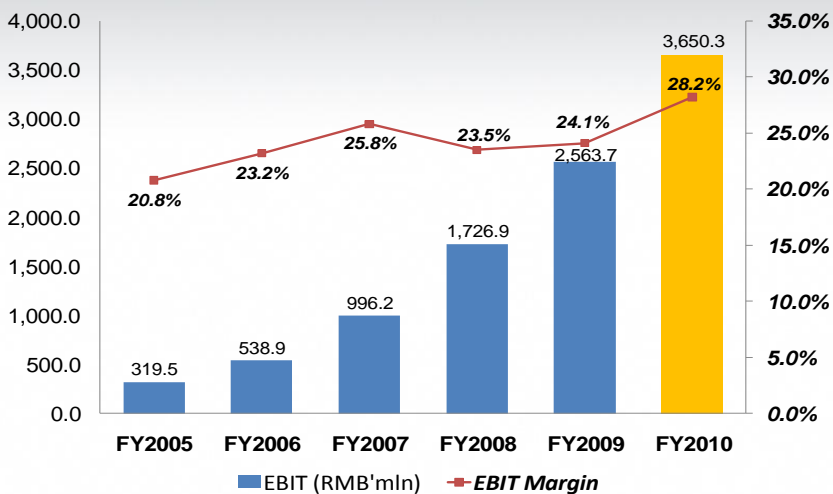
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Profitability Trends



EBIT



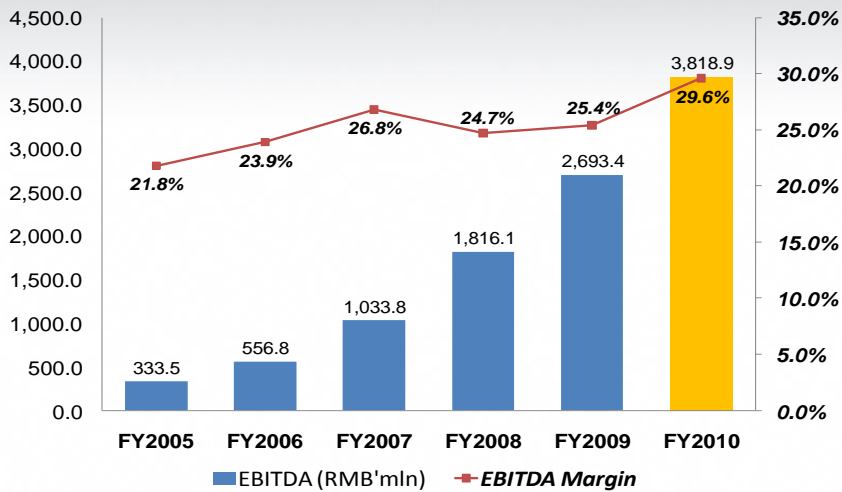
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Profitability Trends



EBITDA



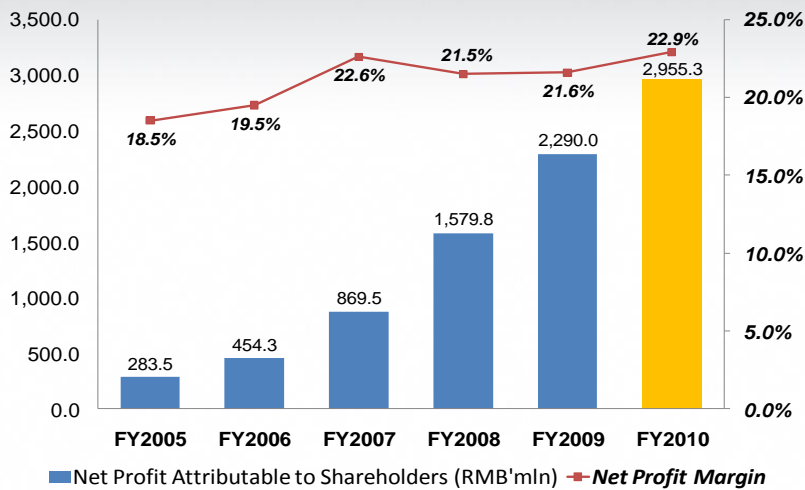
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Profitability Trends



Net Profit Attributable to Shareholders



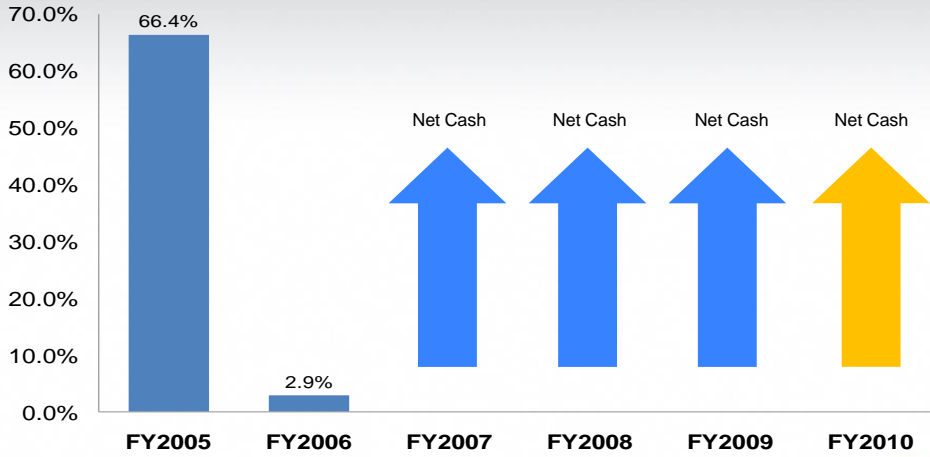
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Strong Financial Position



Net Gearing



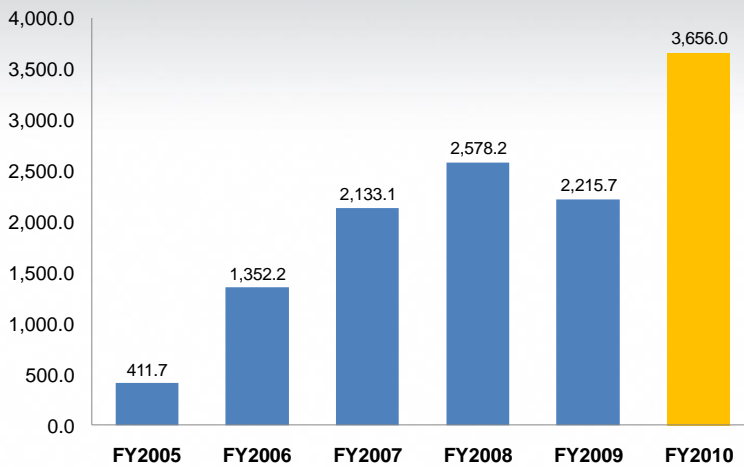
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Strong Financial Position



Operating Cash Flow (RMB'mln)



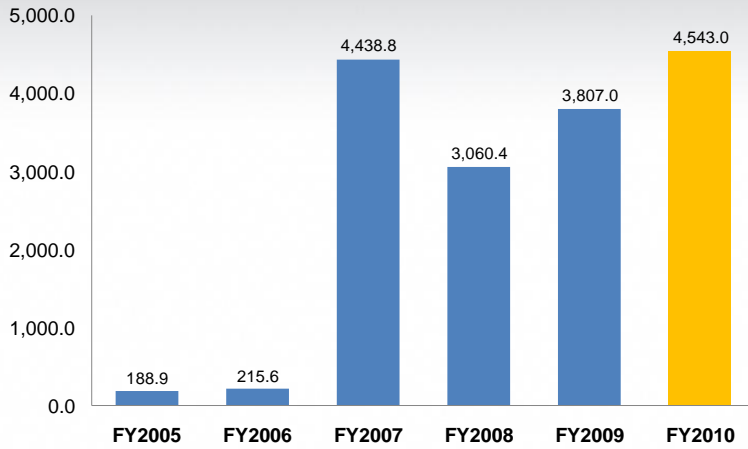
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Strong Financial Position



Cash & Cash Equivalents (RMB'mln)



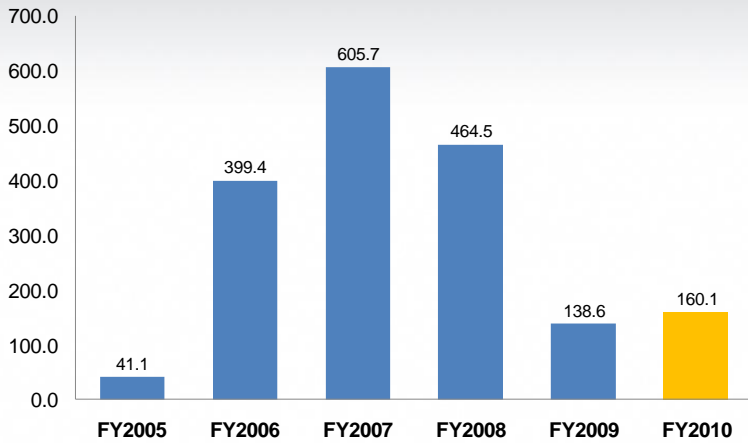
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CAPEX



Capital Expenditure (RMB'mln)



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Section 3 Operational Highlights

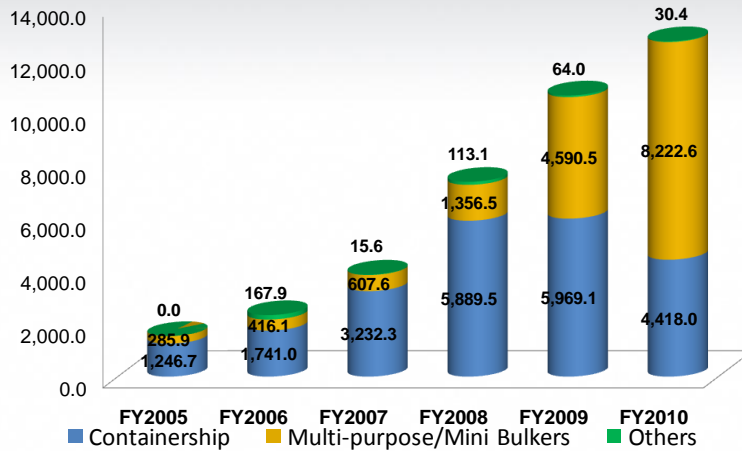


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Revenue Trend

Total Revenue (RMB'mln)

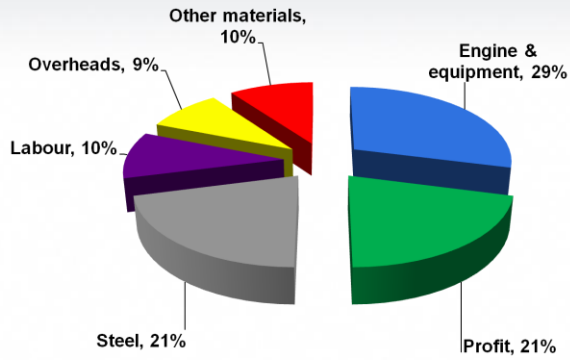


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Cost Structure



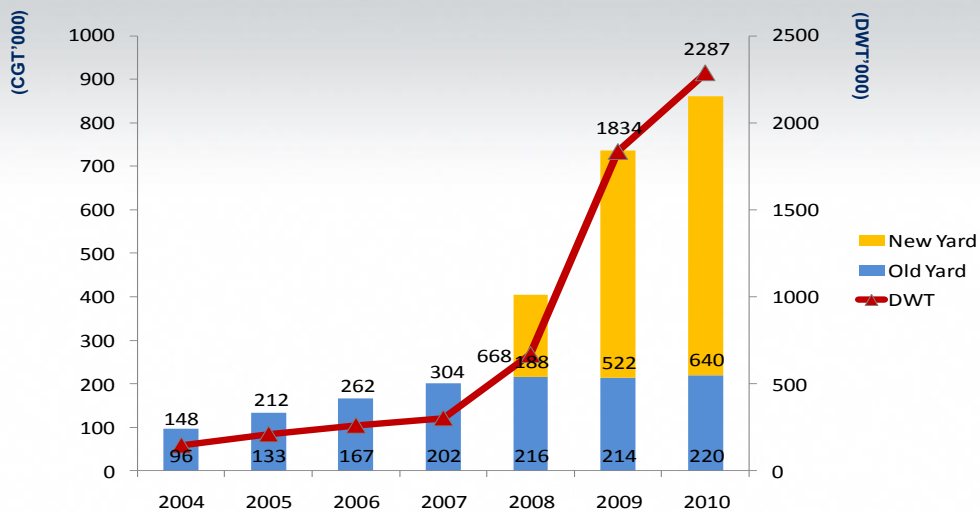
Usual cost structure



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Production Capacity



Note: Currently the new yard is operating at a capacity utilization rate of about 80%, while the old yard at full capacity

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New Orders



New orders secured in 2010

- This brings total to 50 new vessels secured in 2010 worth US\$1.38bn

Potential for more orders based on

- YZJ's healthy and strong execution track record
- Strong balance sheet with cash of RMB4.5b as at 31 December 2010
- Good reputation of YZJ and uncertainties on other smaller unproven yards
- Contract winning momentum continues in 2011 - contracts worth US\$147.4 million for two 4,800 TEU container vessels and two 10,000 DWT bulk carriers



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Strong Order Book



Total: 131 vessels; 2.44million CGT @ US\$ 5.31 billion
 38 containerships, 0.90 million CGT @ US\$ 2.32 billion
 93 bulk carriers, 1.54 million CGT @ US\$ 2.99 billion

New Yard: - 4250 TEU (29 vessels) - 92500 DWT (35 vessels)
 - 70000 DWT (4 vessels) - 82500 DWT (6 vessels)

Old Yard: 2500 TEU (7 vessels) 19000 DWT (2 vessels)
 1350 TEU (2 vessels) 12600 DWT (3 vessels)
 45000 DWT (6 vessels) 7600 DWT (9 vessels)
 34000 DWT (8 vessels) 6250 DWT (3 vessels)
 8500 DWT (4 vessels) 47500 DWT (9 vessels)
 49500 DWT (4 vessels)

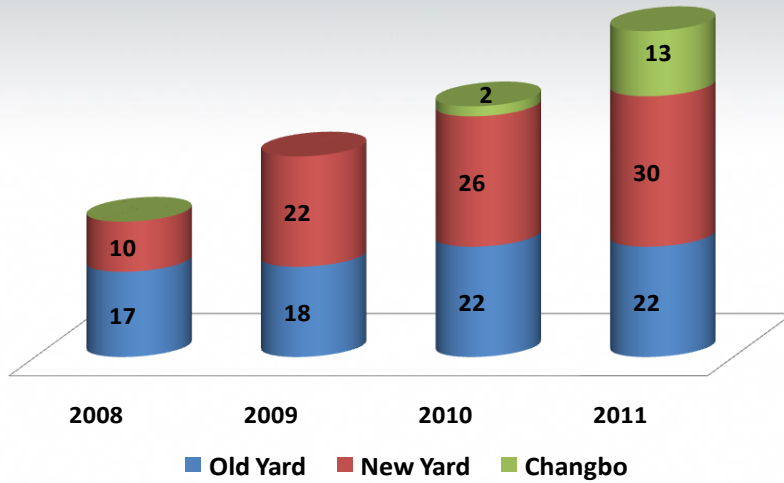
Note: Order book is as at 31 December 2010 and this does not include order book of the newly acquired Changbo shipyard



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Vessel Delivery Schedule



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Section 4 Outlook Future Plans



Outlook



Industry Concerns

More optimism towards offshore

- More orders seen flowing in offshore
- Commercial shipping/shipbuilding side relatively weaker with relatively fewer orders and at lower margins

Oversupply concerns

- Particularly in containerships and dry bulk vessels side
- Few new orders and at lower margins

Credit tightening

- Ship owners asking for delays/cancellations due to lack of financing
- Also asking for price renegotiations

Yangzijiang's Strategy

Sustainable order book till 2013

- No speculative orders in the order book
- Orders from financially stable clients
- Order book was bulked up before the industry downturn started

High focus on execution of orders

- Costs kept under control and healthy level of cash maintained on balance sheet
- Strict adherence to the delivery schedule

Diversification of business

- Ship demolition and repair
- M&A in offshore side, more yards

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Diversifying: Ship Breaking

Invested in two companies



Jiangsu Xinfu Shipbuilding

- JNYS with other strategic partners entered into an agreement to acquire Jiangsu Xinfu Shipbuilding Co., Ltd. (JXSCO)
- Total registered paid-up capital of USD45 million
- JNYS to have 20% stake for an investment of USD9 million
- JXSCO owns a shipyard that is currently under construction and will eventually relate to the main business of ship breaking with ship repairing as a supplemental business
- Construction is expected to be completed in 1H2011 and operations will commence in stages

Jiangsu Huayuan

- JNYS with strategic partners entered into an agreement to incorporate a new company, Jiangsu Huayuan Metal Processing Co., Ltd. (JHMPCO)
- Total registered paid-up capital of RMB300 million
- JNYS to have 20% stake for an investment of RMB60 million
- JHMPCO's main business related to scrap steel processing and then to environmental-friendly ship breaking business
- Construction is expected to be completed in 1H2011 and operations will commence in stages

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Diversifying: Financing side

Invested in two companies in June 2010



Jiangsu Huagong: VC

- JNYS with other strategic partners (including Yangzhou City Mangshan District Government) entered into an agreement to subscribe for 20% equity interest in the capital of Jiangsu Huagong Venture Capital Co. Ltd. (JHVCCO) for RMB60 million
- JHVCCO's total registered paid-up capital of RMB300 million
- JHVCCO is a venture capital investment fund that will aim to generate capital gain from providing seed capital in Yangzhou city
- Expected to enhance the management's expertise in cash redeployment and also participate in community growth and development in the region

Jiangsu Runyuan: Microfinance

- JNYS subscribed for 51% of the equity interest in the capital of Jiangsu Runyuan Rural Microfinance Co. Ltd. (Runyuan)
- Total registered authorised share capital of RMB300 million
- Runyuan is a licensed company to provide microcredit to enterprise and individual
- Investment in Runyuan is part of the Group's assets management activities

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Expansion: New Yard Added

Acquired Changbo shipyard in June 2010



- JYS acquired 51% equity interest in the capital of Jiangsu Changbo Shipyard Co., Ltd (Changbo) for total investment of RMB156.1 million
- Changbo owns shipbuilding facilities with a production area of 286,471 square meters and has a 926 meters deep water coast line with production capacity of 400,000 DWT and can be an alternative option to construct small capacity vessels that are currently build in JYS
- Any losses that Changbo suffers should not negatively affect Yangzijiang as its purchase agreement includes clauses protecting its investment in Changbo

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Expansion: New Land with Wharf

Acquired on August 2010



- JNYS entered into two sale and purchase agreements with Jiangsu Province Jiangyin-Jingjiang Economic Development Zone Management Committee and Jiangsu Hengde Development Co., Ltd to acquire 147,253 square metres land with 50 years of land use rights at RMB108 million
- Located east of JNYS about 350 metres
- Coastline is 500 metres long with an attached wharf 374 metres long (currently under construction) with wharf side draught of 10 metres; able to accommodate construction and mooring of ships of up to 150,000 DWT
- 32% discount received as part of government's support for growth of Yangzijiang
- Aims to increase the capacity of JNYS for an additional 1,000,000 DWT in year 2012

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Commercial vessels and marine engineering projects

Joint Venture established in August 2010



- JNYS entered into a letter-of-intent with Shanghai Bestway ("Bestway") Marine Engineering Design Co., Ltd and Jiangsu Zhongzhou Marine Equipment Co., Ltd ("Zhongzhou") to set up JV company
- To incorporate new company, Shanghai Yangzijiang Ship and Marine Engineering R&D Center Co., Ltd to provide design services for shipbuilding and marine engineering related projects
- Registered paid up capital: RMB30.0 million
- Proportion of interests: JNYS – 40% Bestway – 45% Zhongzhou – 15%
- Increase competitive edge by offering existing and prospective customers with high-value adding ship-building turnkey services
- Leveraging on Bestway's and Zhongzhou's existing clientele base

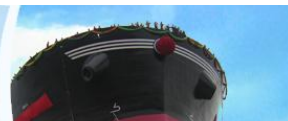
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Entered MOU with CSBC Corp

Inked and announced on 28 October 2010



- Group entered into a Business and Technical Cooperation Memorandum of Understanding with CSBC Corporation, Taiwan
- CSBC Corporation is a Taiwan listed company with market capitalisation of approximately S\$848.3 million
- Laying the foundation for long term partnership in shipbuilding, sales and marketing in the region

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Capacity Expansion

Invest and incorporate a new subsidiary in November 2010



- Entered into an agreement with JNYS to incorporate a new subsidiary, Jiangsu Xinyangzi Marine Equipment Manufacturing Co., Ltd (“JXME”)
- To acquire a land of approximately 310,000 square meters located next to JXSCO, at a consideration of RMB60 million from the China government authority
- Total registered share capital of US\$40 million
- Proportion of interest: Yangzijiang – 49% ; JNYS – 51%

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Vertical acquisition of fabrication services

Acquired in December 2010



- Group's wholly-owned subsidiary, Yitian Investments Pte Ltd, entered into a sales and purchase agreement to acquire 100% equity interest in Jiangsu Zhongzhou Marine Equipment Co., Ltd ("JZME")
- Owns shipbuilding facilities of 350,000 square meters yard space and 430 meters of deep water coast line
- Purchase consideration of RMB420 million
- Vertical acquisition allows the Group to take full control of the fabrication process in JYS and JNYS, thereby shortening the production cycle and improve the Group's profitability

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Integrated marine electrical system

Entered into Joint Venture in Jan 2011



- JNYS entered into an agreement to establish a new joint venture company with Beijing Highlander Digital Technology Co., Ltd. ("Highlander"), Jiangsu Hantong Ship Heavy Industry Co., Ltd ("Hantong"), Taizhou Sanfu Ship Engineering Co., Ltd. ("Sanfu") and Jiangsu Yichun Group Co., Ltd ("Yichun")
- Purchase consideration of RMB20 million
- Proportion of interest: JNYS – 20 %, Highlander – 50%, Hantong – 10%, Sanfu – 10%, Yichun – 10%
- Objective is to develop the world's largest platform for integrated marine electrical platform
- Joint venture will increase Yangzijiang's competitive edge and add a new revenue stream for the Group other than shipbuilding activities

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Yangzijiang Shipbuilding (Holdings) Ltd.

Peer Comparison

NAME	MKT CAP (S\$/mln)	P/E	NET MARGIN (%)	ROE (%)
YANGZJIANG SHIPBUILDING	7,252.1	12.90	21.56	43.10
SINGAPORE				
SEMBCORP MARINE LTD	11,102.7	12.01	12.23	43.73
KEPPEL CORP LTD	18,434.4	11.27	16.59	25.51
COSCO CORP SINGAPORE LTD	4,724.8	27.33	3.80	9.88
AVERAGE		16.87	10.87	26.37
CHINA				
GUANGZHOU SHIPYARD INTL CO-H	2,637.6	11.14	7.86	17.41
GUANGZHOU SHIPYARD INTL CO-A	2,637.6	27.19	7.86	17.41
CHINA CSSC HOLDINGS LTD-A	10,296.5	20.73	9.93	19.28
AVERAGE		19.69	8.55	18.03
KOREA				
DAEWOO SHIPBUILDING & MARINE	7,822.3	11.73	6.46	21.69
HYUNDAI MIPO DOCKYARD	4,229.6	9.47	12.14	15.53
HANJIN HEAVY INDUS & CONST	1,869.0	31.57	-1.88	2.48
SAMSUNG HEAVY INDUSTRIES	9,870.4	12.08	6.81	25.94
STX OFFSHORE & SHIPBUILDING	2,599.1	-	-3.71	-10.63
HYUNDAI HEAVY INDUSTRIES	38,490.7	12.37	16.79	27.87
AVERAGE		12.87	6.10	13.81
TAIWAN				
CSEC CORP TAIWAN	848.6	7.93	7.89	21.93

Source: Bloomberg (21 February 2011)

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Yangzijiang Shipbuilding (Holdings) Ltd.

Investment Merits

Why Yangzijiang??

Good earnings growth

- CAGR of 60% in PATMI for FY05 – FY10
- FY2010 PATMI of RMB3.0b, up 29% yoy

Strong order book

- 131 vessels worth USD5.31b going till 2013 (order book as at 31 Dec 2010)

Diversifying revenue streams

- Possible M&A (just added Changbo yard)
- Ship breaking / repair and also looking towards offshore industry
- Looking towards building bigger and newer generation vessels

Strong focus on execution of orders

- Low slip-up/conversion costs as mass production done
- Timely vessel delivery schedule
- Experienced management

Healthy balance sheet

- Good level of cash, M&A feasibility in case any opportunity
- Maintains net cash position gearing wise

Dividends paid

- Maintains good payout ratio
- Involves in share buy backs

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Q&A

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Yangzijiang Shipbuilding (Holdings) Ltd.

Appendix



Yangzijiang Shipbuilding (Holdings) Ltd.



Recap of Corporate Developments

For 4Q2010



- 31 Jan 2011: Entered into Joint Venture with Beijing Highlander Digital Technology Co., Ltd., Jiangsu Hantong Ship Heavy Industry Co., Ltd, Taizhou Sanfu Ship Engineering Co., Ltd. and Jiangsu Yichun Group Co., Ltd to provide marine electrical systems for shipbuilding of commercial vessels and marine engineering projects
- 10 Jan 2011: Announcement on utilization of TDR proceeds as working capital for YZJ's shipbuilding activities
- 16 Dec 2010: Acquisition of 100% beneficial interest in Jiangsu Zhongzhou Marine Equipment Co., Ltd
- 22 Nov 2010: Incorporation of Jiangsu Xinyangzi Marine Equipment Manufacturing Co., Ltd



Yangzijiang Shipbuilding (Holdings) Ltd.

Recap of Corporate Developments

For 4Q2010



- 28 Oct 2010: Entered into Memorandum of Understanding ("MOU") with CSBC Corporation, Taiwan
- 27 Oct 2010: Completion of:
 - Placement of 83,550,000 new shares in the company to QD Asia Pacific Ltd; and
 - Acquisition of 45% of shares in PPL Holdings Pte Ltd
- 12 Oct 2010: Incorporation of 52% owned Jiangsu Yangchen Equipment and Materials Co., Ltd – core business of marine equipment and materials supply
- 7 Oct 2010: Receipt of TDR Proceeds of NT\$ 3,760,000,000 – to be used as working capital



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