



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

Yangzijiang registers RMB878.2 million of net earnings in 2Q2012

- Revenue up 13% y-o-y to RMB 3.9 billion due to good performance in core Shipbuilding business
- Earnings down 9% due to higher finance costs and lower net other gains
- The Group entered into 8 new shipbuilding orders including 4 options for 1,100 TEU containerships worth S\$159.0 million in 2Q2012; Outstanding order book stood at US\$3.81 billion as at 30 June 2012

SINGAPORE – 8 August 2012 – Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang” or “the Group” or “扬子江船业控股有限公司”), one of PRC’s leading and most enterprising shipbuilder listed on the SGX Main Board, reports high net profit attributable to shareholders of RMB878.2 million for the three months ended 30 June 2012 (“2Q2012”).

Financial Highlights	2Q2012	2Q2011	Chg	1H2012	1H2011	Chg
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	3,937,646	3,499,345	13	7,623,908	6,785,499	12
Gross Profit	1,201,773	1,036,279	16	2,420,308	2,098,615	15
Gross Profit Margin	30.5%	29.6%	-	31.7%	30.9%	-
Expenses *	208,341	104,620	99	433,342	185,766	133
Other Income	54,458	8,880	513	120,024	53,864	123
Other Gains	23,115	228,861	(90)	228,323	353,197	(35)
Net Profit Attributable to Equity Holders (PATMI)	878,181	963,922	(9)	1,895,874	1,918,782	(1)
PATMI Margin	22.3%	27.5%	-	24.9%	28.3%	-

* Expenses include administrative expenses and finance expenses.

The Group's revenue increased 13% year-on-year ("y-o-y") to RMB3.9 billion in 2Q2012 due to steady performance in core Shipbuilding related business segment.

Revenue contribution from the Shipbuilding related segment increased 14% y-o-y to RMB3.6 billion in 2Q2012 as the Group recognized higher revenue from the construction and delivery of containership contracts secured prior to the financial crisis and the inclusion of RMB123.2 million recognized from the ship demolishing business. A total of 15 vessels were delivered according to schedule in 2Q2012.

The revenue from the Investment segment (that comprises of interest income from financial assets, held-to-maturity assets and micro lending business) declined marginally to RMB335.1 million in 2Q2012 from RMB337.5 million in 2Q2011. This was mainly due to lower investment in held-to-maturity assets partially offset by increase in loans to third parties in the Micro Finance business.

The Group's overall gross profit was higher at RMB1.2 billion, up 16% y-o-y in 2Q2012 and gross profit margin inched upwards to 30.5% in 2Q2012 as compared to 29.6% in 2Q2011. Gross profit margin for the Investment segment remained high while that of the Shipbuilding related segment improved steadily to 24.2% in 2Q2012 from 22.1% in 2Q2011 as the Group continues to deliver higher margin contracts secured pre financial crisis.

Operating expenses (inclusive of administrative expenses and finance expenses) jumped 99% y-o-y to RMB208.3 million in 2Q2012 largely due to higher finance costs incurred. As part of the Group's cash conservation strategy, the Group financed its working capital needs through SGD/USD denominated loan at lower costs. This enables the Group to optimize the returns on RMB deposits and enhance shareholders' return. Evidently, other income, which is mainly interest income generated from the Group's cash balance, leapt more than six-folds to RMB54.5 million in 2Q2012 as compared to RMB8.9 million in 2Q2011.

Net other gains were lower at RMB23.1 million in 2Q2012 as compared to RMB228.9 million in previous corresponding period. This was largely due to negative mark-to-market variations on the USD/RMB currency forward contracts and the outstanding shipbuilding orders denominated in EUR.

In conclusion, the Group's net profit attributable to shareholders decreased 9% y-o-y to RMB878.2 million in 2Q2012. This was represented by basic earnings per ordinary share of RMB22.92 cents in 2Q2012 (2Q2011: RMB25.12 cents).

Balance Sheet (RMB'000)	30 Jun 2012	31 Dec 2011
Property, Plant and Equipment	4,023,993	3,822,124
Restricted Cash	6,641,747	4,193,616
Cash & Cash Equivalents	4,690,354	3,152,365
Financial Assets, Held-to-Maturity	8,412,780	10,473,160
Total Borrowing	9,094,881	8,490,829
Total Equity	14,362,723	13,716,656
Gross Gearing (Borrowings / Equity)	63.3%	61.9%
Net Gearing (Net Borrowings* / Equity)	Net Cash	8.3%

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

The increase in borrowings is due to the fund deployment strategy to further strengthen the Group's cash position by taking advantage of low cost borrowing. The Group generated RMB1.6 billion of net cash from operating activities in 2Q2012. The balance sheet continues to be healthy with RMB4.7 billion of cash and cash equivalents and a net cash position in terms of gearing, as at 30 June 2012.

OUTLOOK/ FUTURE PLANS

The Group successfully delivered 15 vessels in 2Q2012 as per the delivery schedule. The Group remains confident of delivering the remaining 30 vessels in 2H2012. Also, the Group has entered into 8 new shipbuilding contracts including 4 options for 1,100 TEU containerships worth US\$159.0 million in 2Q2012, bringing the total order wins to US\$295.1 million in 1H2012. The Group's outstanding order book stood at US\$3.8 billion comprising of 80 vessels as at 30 June 2012.

The Group wishes to announce that it has ceased 8 shipbuilding contracts with its customers in 2Q2012 due to customers' failure to meet subsequent financial obligations. These relates to two 34,000 DWT and six 82,000 DWT dry bulk carriers that were secured post financial crisis. The Group has collected an average of 15% in deposits for these 8 vessels. To minimize operational risks, the Group has ceased the above contracts in accordance to contractual terms and confiscated the corresponding deposits. Notably, the two 34,000 DWT dry bulk carriers were sold to an Asian buyer and one 82,000 DWT dry bulk carrier was sold to a European buyer as at announcement date. The Group is actively sourcing for buyers for the remaining vessels.

***“Consolidation of the shipbuilding industry is still underway and we do expect the near future to be a challenging one considering the global uncertainties and growing market competitiveness. Through effective and timely execution of business strategies, Yangzijiang Shipbuilding remained resilient and stood strong against the headwinds thus far.*”**

I strongly believe that our solid order book of US\$3.8 billion will allow us to steer through this stormy period. Nonetheless, we have rolled out various initiatives to strengthen our immunity against industry challenges. Firstly, we are streamlining our production capacity to maximize utilization rate, efficiency and also to better manage our costs overheads. Secondly, we will continue to operate on a lean cost structure so as to remain nimble going forward. Thirdly, we will continue to capitalize on existing government's regulatory policies to maximize potential gain from related incentive policies and tax subsidies. Last but not least, we remain dedicated in stepping up on our marketing efforts for our new vessel model – newer, better with more energy efficient and environmentally friendly features.

We are committed in developing ship breaking and offshore business into the next growth engines for the Group, complementing the core shipbuilding business to drive the Group to the next level.”

Mr Ren Yuanlin (任元林), Executive Chairman, Yangzijiang

In terms of production capacity planning going forward, the Group will be directing all vessel constructions towards the New Yangzi in 2013. Both Xinfu and Changbo yard will be kept as standby yards. Construction of the Xinfu yard is progressing smoothly and is expected to be completed by end FY2012. Changbo yard will deliver both existing backlog and Group's order by end FY2012. With the phasing out of JYS, the Group wishes to maximize the efficiency and utilization rate of the existing yard by consolidating all vessel constructions under one single yard. This also allows the Group to streamline production costs so as to remain nimble moving ahead and strengthen market competitiveness.

Moving forward, the Board remains confident of the Group's financial performance for the year 2012.

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ABOUT YANGZIJANG SHIPBUILDING (HOLDINGS) LIMITED (Bloomberg Ticker: YZJ SP)

Yangzijiang Shipbuilding (Holdings) Limited is one of the largest non-state-owned publicly listed shipbuilder by virtue of manufacturing capability in the PRC. The core business is shipbuilding of commercial vessels ranging from containerships, bulk cargo carriers and multi-purpose cargo vessels. The Group owns four shipbuilding bases along the Yangtze River, with details highlighted below.

Located in Jiangyin city in the Jiangsu province of PRC, the old shipyard called Jiangsu Yangzijiang Shipbuilding (“Jiangsu Yangzijiang”), spans approximately 800 metres of deep-water coastline and covers an area of approximately 20 hectares (excluding the coastal area).

The new shipyard called Jiangsu New Yangzi Shipbuilding ("New Yangzi"), is located in Jingjiang city and has 2,744 metres of deep-water coastline, a production area of 201 hectares and a dry dock that can accommodate two 100,000 DWT (deadweight tonnage) vessels and two half 100,000 DWT vessels at one time.

Yangzijiang through Jiangsu Yangzijiang acquired a 51% stake in a new yard now called Jiangsu Yangzi Changbo Shipbuilding Co., Ltd ("Changbo"). This yard has 926 metres of deep-water coast line and production area of 29 hectares with production capacity of 400,000 DWT. This yard is located at the downstream of the Yangtze River, 5 km away from New Yangzi.

Yangzijiang holds 60% equity interest in Jiangsu Xinfu Shipbuilding Co., Ltd ("Xinfu"). The yard is located at Taixing City, Jiangsu province, and its principle activities are related to those of shipbuilding, ship repairing, and production and processing of large scale steel structure. Xinfu yard already has a shipbuilding license and enjoys a huge production area of about 166 hectares. This yard once developed would be ideal for building large vessels and the Group has plans of building very-large crude carrier (VLCC) or large containership and other larger vessel types in this yard.

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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