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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang remains profitable amid industry turmoil, reports RMB811.7 million in earnings for 2Q2013

- **Group revenue increased 12% in 2Q2013 mainly due to higher revenue recognition from construction of larger vessels**
- **Healthy gross profit margin of 27%; core shipbuilding margin remains strong at 21%**
- **Strong order book momentum despite weak shipbuilding industry, US$1.0 billion worth of newbuild contracts secured in 1H2013**
- **Outstanding order book comprised of 71 vessels worth US$3.24 billion**

SINGAPORE – 7 August 2013 – 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, reported net profit attributable to shareholders of RMB811.7 million for the three months ended 30 June 2013 (“2Q2013”).

Financial Highlights	**2Q2013**	**2Q2012**	**Chg**	**1H2013**	**1H2012**	**Chg**
	RMB’000	**RMB’000**	**%**	**RMB’000**	**RMB’000**	**%**
Revenue	4,422,092	3,937,646	12	7,288,716	7,623,908	(4)
Gross Profit	1,214,683	1,201,773	1	2,248,456	2,420,308	(7)
Gross Profit Margin	*27.4%*	*30.5%*	-	*30.8%*	*31.7%*	-
Expenses *	177,830	208,341	(15)	351,855	433,342	(19)
Other Income	51,498	54,458	(5)	124,761	120,024	4
Other Gains	20,309	23,115	(12)	77,170	228,323	(66)
Net Profit Attributable to Equity Holders (PATMI)	811,664	878,181	(8)	1,528,837	1,895,874	(19)
PATMI Margin	*18.4%*	*22.3%*	-	*21.0%*	*24.9%*	-

** Expenses include administrative expenses and finance expenses.*

2Q2013 analysis

The Group's overall revenue increased 12% to RMB4.4 billion in 2Q2013 from RMB3.9 billion in 2Q2012. The Shipbuilding related segment remained as the Group's core revenue driver, contributing about 91% to the Group's revenue in 2Q2013 (2Q2012: 91%).

The Shipbuilding related segment recorded revenue of RMB4.0 billion for 2Q2013, a 12% improvement over RMB3.6 billion recorded in 2Q2012. This was mainly attributed to higher revenue recognition from the construction and delivery of large vessels during the quarter. Although the Group delivered 11 vessels to customers in 2Q2013 compared to 15 vessels in 2Q2012, 7 of these were large vessels. Other shipbuilding related business- which encompasses ship demolition, design services, and trading of ship supplies- generated RMB389.3 million of revenue. Out of this amount, ship demolition contributed RMB197.8 million, compared to RMB123.2 million in 2Q2012.

The Group's overall revenue was further boosted by a 14% increase in the Investment segment (that comprises of interest income from financial assets, held-to-maturity and micro finance business) to RMB383.5 million. This was predominantly due to a steady increase in investments in Held to Maturity assets during the quarter, offset by a 32% decline in the Micro Finance business from RMB33.3 million to RMB22.5 million due to the lower amount of loan extended in 2Q2013.

The other shipbuilding related business generally generates lower gross profit margins compared to the core shipbuilding operations. Notwithstanding the prolonged downturn in the shipping industry, the Group continued to report healthy gross profit margins for the shipbuilding segment at 20.6% (2Q2012: 24.2%). Higher interest income from the Investment segment lifted gross profit margins at the Group level to 27.4% (2Q2012: 30.5%).

Predominantly due to the Group's cost control efforts, administrative expenses declined 16% to RMB81.8 million from RMB97.9 million. Meanwhile, finance costs decreased 13% to RMB96.0 million due to lower borrowing costs in 2Q2013. The improvements made in reducing the Group's cost base was partially mitigated by a 5% and 12% decline in other income and net other gains to RMB51.5 million and RMB20.3 million respectively.

Although the Group recorded higher revenues and scaled back on expenses, lower gross profit margins, decline in other income and net other gains, and a higher effective tax rate of 27% compared to 19% in 2Q2012 resulted in a 8% decline in net profit attributable to shareholders to RMB811.7 million (2Q2012: RMB878.2 million). This was represented by basic earnings per ordinary share of RMB21.18 cents in 2Q2013 (2Q2012: RMB22.92 cents).

Balance Sheet (RMB'000)	30 Jun 2013	31 Dec 2012
Property, Plant and Equipment	4,447,258	4,276,704
Restricted Cash	4,586,564	4,170,767
Cash & Cash Equivalents	5,169,099	2,086,659
Financial Assets, Held-to-Maturity	12,156,131	11,376,710
Total Borrowing	10,938,810	7,390,469
Total Equity	16,828,100	16,267,687
Gross Gearing (Borrowings / Equity)	65.0%	45.4%
Net Gearing (Net Borrowings* / Equity)	7.0%	7.0%

Borrowings - (restricted cash + cash & cash equivalents)

Investment in held-to-maturity assets increased to RMB12.2 billion as at 30 June 2013. The Group's balance sheet remained in a strong position with cash holdings of RMB9.8 billion and low net gearing of 7.0%.

OUTLOOK/ FUTURE PLANS

The Group had in 4Q2012 and 1Q2013 announced the cessation of 3 units of 2,500 TEU containerships, which were subsequently sold to an existing customer with outstanding orders for 4 units of 2,500 TEU containerships. As part of the resale agreement, the Group has ceased the shipbuilding contract for one (1) unit of 2,500 TEU containership with the existing customer. As construction has yet to commence for the vessel, the cessation of this contract will have minimal impact to the Group.

The Group delivered 11 vessels in 2Q2013. Although the shipbuilding industry remains mired in a challenging environment, the Group nevertheless secured shipbuilding contracts amounting to US$414 million during the quarter, comprising of 6 units of 82,000 DWT bulk carriers, 8 units of 64,000 DWT bulk carriers, and 1 unit of 94,000 DWT transload vessel.

In 1H2013, the Group has secured 27 effective orders with total contract value of US$1.0 billion, taking the Group's outstanding shipbuilding order book to 71 vessels with a total value of US$3.24 billion as of 30 June 2013.

In addition, the Group had also converted 4 options into effective orders worth US$103.7 million comprising of 2 units of 82,000 DWT bulk carriers, and 2 units of 64,000 DWT bulk carriers in July 2013. Thereafter, the Group has remaining 47 options worth US$2.54 billion, out of which 22 options are for containerships worth US$1.56 billion and 25 options are for multi-purpose bulk carriers worth US$0.98 billion. With Baltic Dry Index stabilizing at above 1,000 points, the Group is optimistic for more options to be exercised in 2H2013, and believes that the risk of shipbuilding contract cessations will be lower.

“The current shipbuilding down cycle has been harsh on all Chinese shipbuilders, and has claimed many victims along the way. Yangzijiang is counted among the rare few companies still reporting a healthy level of profits although we are by no means unaffected. Our ability to remain relatively unscathed stems from a number of reasons, including foresight, planning, and a deeply ingrained principle to always provide timely delivery of quality vessels.

In times of difficulty, customers turn to those who have an established and untarnished track record, and a strong balance sheet. I believe this is the primary reason behind our ability to secure a reasonably large amount of orders. It is comforting to see that the Baltic Dry Index has stabilized at above 1,000 points, but we are well aware that the path ahead is still tough going.

Our Investment segment forms a part of our strategic plans to counter the cyclicality of the shipbuilding segment. It has been an apparent support to profitability in the past few quarters, and will likely remain so as we ride out the remainder of the downturn.

In the same note, Yangzijiang has branched out into the offshore oil and gas market by securing a contract to build a jack-up rig. Our intention is to scale up the value chain, and to enhance our technical capabilities. Construction of this rig will begin in August 2013, and we will devote our focus to ensure a smooth execution for its delivery in mid 2015. The Group will ensure that our capabilities are sufficiently established before securing more contracts for jack up rigs. Much like our shipbuilding operations, we believe that a solid track record will benefit us many years from now.

As our operations are based in China, we realize that there be many local investors familiar with us who may wish to participate in our growth and development. The Group has therefore taken steps to set up a dual currency trading platform as a bridge for our existing/potential shareholders based in China. Not only does it remove uncertainties in foreign currency movements, the potentially larger shareholder base may also help to increase trading liquidity. This forms a part of our efforts to enhance shareholders’ value apart from our focus on business operations on the ground.”

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

The industry downturn may have a prolonged impact that may stretch beyond 2013. Progress in Shipbuilding and related segments may be slow moving ahead, but steady investments in held-to-maturity assets will provide the Group comfortable cushion against the industry downturn. The Group will maintain the steady investment strategy and continue to adopt a rigorous risk management approach in assessing and evaluating all investments.

The Board remains confident of the Group's financial performance for the year 2013.

--The End—

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

Established in 1956 and listed on SGX-Mainboard since April 2007, Yangzijiang Shipbuilding (Holdings) Limited ("Yangzijiang Shipbuilding" or collectively known as the "Group") is the largest Chinese listed entity on SGX-Mainboard. Yangzijiang Shipbuilding is also one of the largest non-state-owned publicly listed shipbuilder by virtue of manufacturing capability in the PRC. Notably, the Group is the first Chinese shipyard to secure the 10,000 TEU containership orders in 2011.

Yangzijiang Shipbuilding has evolved into an integrated marine service provider with core shipbuilding business and exposure in ship demolition and offshore industry. The Group's niche lies in construction of commercial vessels ranging from containerships, bulk cargo carriers and multi-purpose cargo vessels. The Group owns three shipyards in Jiangsu Province, China along the Yangtze River, with total available capacity of 2.0 million CGT and total production area spanning approximately 400 hectares.

The Group has also a wholly-owned ship demolition yard in Jiangsu Province, China with a total production capacity of 200,000 Light Displacement Tonnage ("LDT"). Going forward, the Group has plans to expand the production capacity to 600,000 LDT by 2015.

Yangzijiang Shipbuilding partnered Qatar Investment Corporation, investment arm of Qatar sovereign fund, through a Joint Venture Agreement in 2011 to incorporate an offshore headquarter in Singapore and to establish an offshore construction base in Taicang City, China. The Group wishes to capitalize on the talent pool in Singapore to construct mega offshore structures in China, where the Group can further leverage on China's cost efficiency, proximity to raw materials and labour. The offshore construction base sits on a land area of about 156 hectares with 1,500 meters of coastline.

For more information please visit the website at: www.yzjship.com

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Issued for and on behalf of Yangzijiang Shipbuilding (Holdings) Limited

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