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MEDIA RELEASE – FOR IMMEDIATE RELEASE

**Yangzijiang Reports Earnings of
RMB2.5 Billion for FY2015,
Strong Order Book in Hand Will Help the Group
Weather Weak Industry Climate**

- Total revenue increased by 4% year-on-year to RMB16.0 billion for FY2015 primarily supported by stable and healthy performance of shipbuilding and related segment
- Group secured a total of 37 effective shipbuilding contracts with an aggregate value of USD2.25 billion in 2015 despite a weak shipbuilding market
- Outstanding order book of USD5.4 billion, comprising 116 vessels, to keep optimal use of yards' facilities up to 2018
- Group took a prudent approach and made impairment provisions for a few items in view of the headwinds on the market
- Proposed a final dividend of 4.5 Singapore cents

SINGAPORE – 26 February 2016 – Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang” or the “Group”), one leading and most enterprising shipbuilder of PRC listed on the SGX Main Board, reported net profit attributable to shareholders of RMB2.5 billion for the twelve months ended 31 December 2015 (“FY2015”).

FY2015 Analysis

Total revenue increased by 4% to RMB16.0 billion year-on-year (“yoy”) in FY2015. Shipbuilding Related Segment remained as the Group’s core revenue driver, contributing about RMB14.7 billion, or 91.7% to the Group’s revenue in FY2015 (FY2014: 89.0%). Held-to-Maturity (“HTM”) and Micro Finance Business under Investment Segment contributed 7.6% and 0.7% of the total revenue respectively.

Financial Highlights	4Q2015	4Q2014	Chg	FY2015	FY2014	Chg
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	3,125,245	3,781,961	(17)	16,014,348	15,353,551	4
Gross Profit	929,595	848,512	10	3,719,271	4,143,882	(10)
Gross Profit Margin	30%	22%	-	23%	27%	-
Expenses ^	(600,667)	(103,653)	479	(1,170,709)	(680,005)	72
Other Income	39,606	255,409	(84)	271,008	631,131	(57)
Other Gains / (loss)	(615,274)	(259,472)	137	167,356	(150,182)	nm
Net Profit Attributable to Equity Holders	41,453	636,564	(93)	2,459,600	3,482,922	(29)
PATMI Margin	1.3%	16.8%	-	15.4%	22.7%	-

* n.m.: Not meaningful

^ Expenses include administrative expenses and finance expenses

36 vessels were delivered in FY2015 according to schedule, which was higher than the 33 vessels delivered in FY2014. As a result, revenue from shipbuilding business increased by 7.1% yoy to RMB12.2 billion in FY2015. Revenue from trading business increased from RMB1.7 billion in FY2014 to RMB2.1 billion in FY2015, and other complimentary businesses such as shipping & logistics also contributed positively to the revenue of the Group.

Shipbuilding business had a slightly lower gross profit margin of 19.5% for FY2015 compared to 22% for FY2014, due to lower contract value for the vessels built and delivered in FY2015 as compare to FY2014. Trading business, which carries a much lower margin of 1%, contributed about 14% of the revenue to the Shipbuilding Related Segment.

As a whole, Investment Segment interest income decreased by 21% yoy to RMB1.3 billion in FY2015, of which, interest income from HTM financial assets decreased by 19% yoy to RMB1.2 billion in FY2015. This was in line with the reduced size of HTM Investment. The

net interest income margin for HTM investment remained the same at 94% in FY2015 as FY2014.

Other income decreased significantly from RMB631 million in FY2014 to RMB271 million in 2015, primarily due to the lower interest income generated from restricted cash, the high base number supported by the income of RMB108 million recognised in 4Q2014 from forfeiture of advances received from terminated shipbuilding contracts. The Group's restricted cash decreased significantly compared to last year, in line with its funding strategy to gradually repay bank borrowings backed by restricted cash deposit and shift to un-collateralized long term borrowings.

The Group recorded other gain of RMB168 million in FY2015 compared to other loss of RMB150 million in FY2014. In addition to foreign exchange gains/losses, the Group recognized other gains of RMB557 million as part of the compensation received from government for the former yard's relocation during the year. These were partially offset by fair value change on derivative financial instruments, the disposal of Jiangsu Hengyuan Real Estate Development Co., Ltd. In view of the deteriorating shipping and shipbuilding market, the Group also made a few impairment provisions for a total of RMB456 million, for vessels owned and operated by its shipping arm, for financial lease receivable for vessels on bare-boat hire purchase arrangement, and for the HTM investments.

Administrative expenses increased by 51% yoy to RMB657 million, this was primarily due to the impairment provision of RMB369 million made for payment due from customer on the jack up drilling rig under construction (the only jack up rig order of the group).

Finance cost more than doubled to RMB514.2 million in 2015, primarily due to a revaluation loss on USD borrowings as a result of the present strengthening USD against RMB beginning from August 2015.

Group delivered net profit attributable to shareholders of RMB2.5 billion in FY2015, 29% lower yoy. Fully diluted earnings per share were RMB64.19 cents for FY2015, compared to RMB90.89 cents for FY2014.

Balance Sheet (RMB'000)	31 Dec 2015	31 Dec 2014
Property, Plant and Equipment	6,401,967	6,116,517

Restricted Cash	1,028,550	3,325,850
Cash & Cash Equivalents	5,992,935	2,652,565
Financial Assets, Held-to-Maturity	9,972,406	10,791,200
Total Borrowing	8,282,421	8,050,355
Total Equity	22,358,981	21,076,011
Gross Gearing (Borrowings / Equity)	37.0%	38.2%
Net Gearing (Net Borrowings* / Equity)	5.6%	9.8%

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

Cash and cash equivalents more than doubled from RMB2.7 billion as at the end of 2014 to RMB6.0 billion as at 31 December 2015, primarily supported by cash generated from operating activities. With the Group's strategy to control the size of investment in non-shipbuilding businesses, investments in HTM financial assets decreased to RMB10.0 billion as at 31 December 2015 compared to RMB10.8 billion as at end of 2014. Net asset value per share increased to RMB5.69 as of 31 December 2015 from RMB5.34 as at the end of 2014, gross gearing decreased from 38.2% as at the end of 2014 to 37.0% as at the end of December 2015, and net gearing decreased from 9.8% to 5.6% over the same period.

REVIEW / OUTLOOK/ FUTURE PLANS

According to Clarkson Research, new shipbuilding orders around the globe decreased by 40% year-on-year to 1306 vessels in 2015, compared to 2162 vessels in 2014. Total value of new orders decreased by 39% year-on-year from USD113 billion to USD69 billion, and new shipbuilding price index decreased by 5%¹. The decline in dry bulkers and offshore vessels was most pronounced, while oil tankers and containerships saw higher demand.

Despite the persistently weakening shipbuilding market with declining number of new orders, the Group secured a total of 37 effective shipbuilding contracts with an aggregate value of USD2.25 billion in 2015, as compared to USD1.8 billion for 2014. As at 31 December 2015, the Group had an outstanding order book of USD5.4 billion, comprising 116 vessels. The delivery date of the outstanding order book is scheduled to optimize the

¹ http://www.eworldship.com/html/2016/ship_market_observation_0127/111481.html

use of yards' facilities up to 2018.

“The low shipping demand, low shipping rates and overcapacity issue continued to take a toll on the shipbuilding industry in 2015. Facing the challenging environment, we stayed focused on delivering quality vessels on schedule, kept the cost structure in check, enhanced risk management, and maintained a stable revenue and profit stream from the shipbuilding business. We added LNG carrier to our product portfolio to facilitate sustained growth, while continued to gain orders for our flagship containerships and other products. We grew the outstanding order book over the year, contrary to industry trend.

In China, as the consolidation and restructuring continue, excess capacity will gradually be removed, in favor of yards of decent size and capabilities. However, recognizing the headwinds on the market, especially pertaining to offshore rigs and dry bulkers, we are also prepared for the worst case scenario. In addition to the healthy order book and strong financial position, enhancing R&D, developing clean-energy vessels, and diversifying our product portfolio will all effectively help the Group weather the industry downturn. We are confident that given the limited exposure to the offshore sector, risks are within control and will not hinder the long-term growth of our core shipbuilding business.

2015 has also been a year of recognition for Yangzijiang. We were included as a constituent stock in the STI again, and we won the “Shipbuilding & Repair Yard Award” of Seatrade Maritime Awards Asia 2015. These were the endorsements on our strong shipbuilding capabilities, and on our credibility as a quality listed company that takes creating shareholder value as our long-term commitment. We have proposed a final dividend of 4.5 Singapore cents for the financial year, in return for shareholders' continued trust and support.”

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

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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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