



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

**Yangzijiang reports earnings of  
RMB1.8 billion for FY2016,  
ranked No.1 in China and No.4 in the world with  
USD4.3 billion outstanding order book**

- Group reported revenue of RMB15.1 billion for FY2016, 6% lower compared to FY2015 due to the decline in revenue from shipbuilding related segment
- Gross profit margin for core shipbuilding business increased to 25% for FY2016 compared to 19% for FY2015, supported by the reversal of warranty provision and USD appreciation against RMB
- Group secured a total of 19 shipbuilding orders with an aggregate contract value of approximately USD823 million in FY2016
- Outstanding order book stood at USD4.3 billion as at the end of 2016, comprising 85 vessels, to keep optimal use of yards' facilities till 2018-2019
- With reduced borrowings and higher cash and cash equivalent balance, Group had a net cash position as of end of 2016
- Group declared final dividend of 4 Singapore cents, representing a dividend payout of 43% and dividend yield of 4.3%<sup>1</sup>

**SINGAPORE – 1 March 2017 – Yangzijiang Shipbuilding (Holdings) Limited** (“Yangzijiang” or the “Group”), a globally-leading shipbuilder based in China and listed

<sup>1</sup> Based on SGD/RMB rate of 4.89 and the closing price of 92.5 Singapore cents per share on 28 February 2017

on the SGX Main Board, reported net profit attributable to shareholders of RMB1.8 billion for the twelve months ended 31 December 2016 (“FY2016”).

### **FY2016 Analysis**

Financial Highlights	4Q2016	4Q2015	Chg	FY2016	FY2015	Chg
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Revenue</b>	5,508,238	3,125,245	76	15,089,438	16,014,348	(6)
<b>Gross Profit</b>	1,434,493	929,595	54	3,636,622	3,719,271	(2)
<b>Gross Profit Margin</b>	26%	30%	-	24%	23%	-
<b>Expenses ^</b>	(324,774)	(600,667)	(46)	(919,257)	(1,170,709)	(21)
<b>Other Income</b>	306,366	39,606	674	903,681	271,008	233
<b>Other Gains / (loss)</b>	(513,606)	(615,274)	(17)	(788,552)	167,536	n.m.
<b>Net Profit Attributable to Equity Holders</b>	607,837	41,453	1366	1,752,432	2,459,600	(29)
<b>PATMI Margin</b>	11%	1%	-	12%	15%	-

\* n.m.: Not meaningful

^ Expenses include administrative expenses and finance expenses

Group’s total revenue declined 6% year-on-year (“yoy”) to RMB15.1 billion in FY2016. Revenue from Shipbuilding business, contributing 70% of the total revenue, declined by 14% to RMB10.5 billion in FY2016. This was due to the relatively smaller size and the lower contract value of the vessels delivered in FY2016, despite that the total number of vessel delivery increased (39 vessels in FY2016 vs. 36 vessels in FY2015). Revenue contribution from trading business increased as compared to FY2015 as a result of higher trading volume. Revenue generated by other shipbuilding related businesses such as shipping logistics and chartering, ship design services and ship demolishing was RMB270 million in FY2016, compared to RMB429 million in FY2015.

Under investment segment, interest income derived from held to maturity (“HTM”) financial assets decreased from RMB1.2 billion in FY2015 to RMB 1.0 billion in FY2016, as a result of lower interest rate received as Group diverted an increasing amount of investment to government-related projects. As for micro finance, as the loan balance has continued to decrease in FY2016, interest income decreased to RMB63 million as compared to RMB110 million of FY2015.

Gross profit margin for Shipbuilding business increased to 25% for FY2016 from 19% for FY2015, supported by the reversal of warranty provision for vessels delivered in previous periods, and the appreciation of USD against RMB in FY2016. The net interest income margin for HTM investment remained at 94% in FY2016. A gross loss of RMB5 million was recorded for other shipbuilding related business, due to the decreased charter rate for the shipping logistics and chartering business.

Other income increased significantly from RMB271 million in FY2015 to RMB904 million in FY2016, mainly due to the recognition of RMB660 million advances payment from the previous ship owners of the terminated shipbuilding contracts. The other losses of RMB789 million recognized in FY2016 was mainly due to additional impairment provision made on its fleet of vessels owned and operated by our shipping business, impairment loss on property, plant and equipment, which was partially offset by a subsidy income and foreign exchange related gain.

The absence of the impairment provision made in 4Q2015 in relation to the jack up drilling rig led to a 27% decrease in administrative expenses in FY2016. Finance cost decreased by 14% as compared to last year as Group reduced the size of borrowing.

The Group delivered net profit attributable to shareholders of RMB1.8 billion in FY2016 compared to RMB2.5 billion in FY2015. Fully diluted earnings per share was RMB45.73 cents for FY2016, compared to RMB64.19 cents for FY2015.

<b>Balance Sheet (RMB'000)</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
<b>Property, Plant and Equipment</b>	5,476,950	6,401,967
<b>Restricted Cash</b>	1,219,695	1,028,550
<b>Cash &amp; Cash Equivalents</b>	7,085,796	5,992,935
<b>Financial Assets, Held-to-Maturity</b>	10,906,634	9,972,406
<b>Total Borrowing</b>	7,224,457	8,282,421
<b>Total Equity</b>	23,199,109	22,358,981
<b>Gross Gearing (Borrowings / Equity)</b>	31.1%	37.0%
<b>Net Gearing (Net Borrowings* / Equity)</b>	Net cash	5.6%

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

Group continued to maintain a strong balance sheet. As of end of 2016, Group had a cash and cash equivalent balance of RMB7.1 billion. With total borrowing decreasing

from RMB8.3 billion to RMB7.2 billion, Group had a net cash position as of end of 2016, Net asset value per share increased to RMB5.92 as at the end of 2016 from RMB5.69 as at the end of 2015.

## **REVIEW / OUTLOOK/ FUTURE PLANS**

Group secured a total of 19 shipbuilding orders with an aggregate contract value of approximately USD823 million in FY2016. This included the six 400,000 DWT Very Large Ore Carrier (“VLOC”) that the Group received from ICBC leasing, for a total contract value of USD510 million. These were the orders for the largest dry bulk carriers ever awarded to the Group, in an unusual case where a state-owned ship owner in China places orders with a private shipyard.

As at 31 December 2016, the Group had an outstanding order book of USD4.3 billion, comprising 85 vessels; New Yangzi Yard, a major yard of the Group, was ranked no.1 in China and no. 4 in the world in terms of outstanding order book. The delivery date of the outstanding order book is scheduled to optimize the use of yard’s facility and provide the earnings visibility for up to 2018-2019.

*“Despite that the market condition continued to deteriorate, through maintaining a reliable delivery track record, managing cancellation risk, exploring opportunities in specialized vessels and high-value added vessels, and continued cost rationalization, Yangzijiang delivered another year of profit.*

*While the weak demand for new vessels weighed on our order book, we received the Valemax orders which were the largest orders from a major state-owned entity in China. This was an endorsement on Yangzijiang’s extraordinary shipbuilding capability and a recognition from major Chinese ship owners on Yangzijiang as an industry leader.*

*Yangzijiang’s financial strength, execution ability and strong reputation in the industry give it strong resilience to stand the test of a severely challenging market. While uncertainties will likely remain for the shipbuilding industry in 2017 and there is no clear sign of a sustained recovery, we are still confident that*

***Yangzijiang will be one of the strongest shipbuilding entities in the world throughout the market cycles.”***

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

--The End--

### **Company Profile**

Established in 1956, Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang Shipbuilding” or collectively known as the “Group”) is one of the largest private shipbuilding companies 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 and LNG carriers, 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 ten years.

*For more information please visit the website at: [www.yzjship.com](http://www.yzjship.com)*

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

By Financial PR Pte Ltd

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