



YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(Company Registration No. 200517636Z)

(Incorporated in the Republic of Singapore on 21 December 2005)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group				The Group			
	4th Quarter				January - December			
	4Q 2016	% of	4Q 2015	+ / (-) %	2016	% of	2015	+ / (-) %
	RMB'000	Revenue	RMB'000	Variance	RMB'000	Revenue	RMB'000	Variance
Revenue	5,508,238	100%	3,125,245	76%	15,089,438	100%	16,014,348	-6%
Cost of sales	(4,073,745)	-74%	(2,195,650)	86%	(11,452,816)	-76%	(12,295,077)	-7%
Gross profit	1,434,493	26%	929,595	54%	3,636,622	24%	3,719,271	-2%
Other income	306,366	6%	39,606	674%	903,681	6%	271,008	233%
Other (losses)/gains, net	(513,606)	-9%	(615,274)	-17%	(788,552)	-5%	167,536	n.m.
Expenses								
- Administrative	(178,061)	-3%	(424,711)	-58%	(476,389)	-3%	(656,550)	-27%
- Finance	(146,713)	-3%	(175,956)	-17%	(442,868)	-3%	(514,159)	-14%
Share of (losses)/profit of associated companies and a joint venture [#]	106,036	2%	193,884	-45%	(59,728)	-0.4%	197,744	n.m.
Profit before income tax	1,008,515	18%	(52,856)	n.m.	2,772,766	18%	3,184,850	-13%
Income tax expense	(371,165)	-7%	61,346	n.m.	(926,808)	-6%	(730,609)	27%
Net profit	637,350	12%	8,490	7407%	1,845,958	12%	2,454,241	-25%
Attributable to:								
Equity holders of the Company	607,837	11%	41,453	1366%	1,752,432	12%	2,459,600	-29%
Non-controlling interests	29,513	1%	(32,963)	n.m.	93,526	0.6%	(5,359)	n.m.
	637,350		8,490	7407%	1,845,958		2,454,241	-25%

[#] Share of profit/(losses) of associated companies and a joint venture is after tax.
n.m. denotes not meaningful.

1(a)(ii) Profit after taxation is arrived at:

	The Group		+ / (-) %
	FY2016	FY2015	Variance
	RMB'000	RMB'000	%
After charging:			
Depreciation and amortization	541,688	539,384	0.4%
Finance costs - Interest on borrowings	442,868	514,159	-14%
Fair value loss on financial assets, at fair value through profit or loss	298,677	-	n.m.
Impairment loss of financial assets, held-to-maturity	114,336	94,770	21%
Impairment loss on property, plant and equipment	1,012,819	209,943	382%
Impairment loss on finance lease receivables	-	150,872	n.m.
Loss/(Gain) on disposal of financial assets, available-for-sale	28,704	(26,474)	n.m.
Loss on disposal of subsidiaries	14,631	63,766	-77%
After crediting:			
Interest income	166,583	179,255	-7%
Foreign exchange related gains, net	362,179	221,986	63%
Fair value change on derivative financial instruments	176,980	(312,825)	n.m.
Gain on disposal of associated companies	6,841	-	n.m.
Subsidy income	193,452	740,367	-74%
Dividend income	28,465	-	n.m.
Income from forfeiture of advances received	659,673	87,987	650%

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	<u>The Group</u>		<u>The Company</u>	
	As at 31 Dec 2016 RMB'000	As at 31 Dec 2015 RMB'000	As at 31 Dec 2016 RMB'000	As at 31 Dec 2015 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	7,085,796	5,992,935	1,422,015	776,537
Restricted cash	1,219,695	1,028,550	-	-
Derivative financial instruments	36,371	60,603	36,371	35,749
Financial assets, at fair value through profit or loss	605,429	-	-	-
Financial assets, available-for-sale	648,843	275,255	-	-
Financial assets, held-to-maturity	5,296,709	4,944,342	-	-
Trade and other receivables	5,346,997	6,196,534	6,736,769	6,422,454
Inventories	2,032,459	1,612,875	-	-
Land held for development	-	54,899	-	-
Development properties	-	1,782,336	-	-
Due from customers on construction contracts	3,929,478	3,858,445	-	-
	26,201,777	25,806,774	8,195,155	7,234,740
Non-current assets				
Financial assets, held-to-maturity	5,609,925	5,028,064	-	-
Trade and other receivables	1,258,379	1,138,704	2,347,406	2,017,416
Derivative financial instruments	23,002	-	23,002	-
Lease prepayments	1,080,656	1,111,368	-	-
Investment in subsidiaries	-	-	5,199,570	5,638,707
Investment in a joint venture	4,796	336,513	4,796	349,249
Investment in associated companies	882,622	1,086,638	134,062	134,062
Financial assets, available-for-sale	200,000	-	-	-
Property, plant and equipment	5,476,950	6,401,967	37	52
Intangible assets	7,906	2,260	-	-
Deferred income tax assets	488,170	333,774	-	-
	15,032,406	15,439,288	7,708,873	8,139,486
Total assets	41,234,183	41,246,062	15,904,028	15,374,226
LIABILITIES				
Current liabilities				
Trade and other payables	4,905,859	5,042,007	3,869,948	4,002,887
Derivative financial instruments	281,166	78,297	281,166	76,812
Due to customers on construction contracts	1,808,605	1,702,063	-	-
Advances received on construction contracts	457,021	567,550	-	-
Borrowings	2,579,435	2,208,565	1,387,400	194,808
Provisions	488,633	577,862	-	-
Current income tax liabilities	1,130,020	762,927	406,529	403,752
	11,650,739	10,939,271	5,945,043	4,678,259
Non-current liabilities				
Trade and other payables	699,898	493,866	-	-
Derivative financial instruments	1,416	382,495	1,416	382,495
Borrowings	4,645,022	6,073,856	1,387,400	2,597,440
Deferred income tax liabilities	1,037,999	997,593	224,784	343,418
	6,384,335	7,947,810	1,613,600	3,323,353
Total liabilities	18,035,074	18,887,081	7,558,643	8,001,612
NET ASSETS	23,199,109	22,358,981	8,345,385	7,372,614
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	6,354,096	6,263,016	6,318,879	6,227,799
Treasury shares	(20,979)	(20,979)	(20,979)	(20,979)
Other reserves	324,938	195,862	(40,192)	50,888
Retained earnings	16,033,911	15,361,490	2,087,677	1,114,906
	22,691,966	21,799,389	8,345,385	7,372,614
Non-controlling interests	507,143	559,592	-	-
Total equity	23,199,109	22,358,981	8,345,385	7,372,614

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
507,185	2,072,250	371,640	1,836,925

Amount repayable after one year

As at 31 December 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
898,243	3,746,779	1,193,272	4,880,584

Details of any collateral

The secured borrowings from the bank are secured by certain assets of the Group.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<u>The Group</u>	
	2016	2015
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	1,845,958	2,454,241
Adjustments for:		
- Income tax expenses	926,808	730,609
- Depreciation on property, plant and equipment	510,438	517,769
- Amortisation of lease prepayment	30,724	21,319
- Amortisation of intangible assets	526	296
- Interest expenses	262,967	391,708
- Gain from disposal of associated companies	(6,841)	-
- Loss from disposal of subsidiaries	14,631	63,766
- Gain on disposal of financial assets, available for sale	28,704	(26,474)
- Loss/(Gain) from disposal of property, plant and equipment	10,335	(23,891)
- Fair value change on derivative financial instruments	(176,980)	312,825
- Fair value change on financial assets, at fair value through profit and loss	298,677	-
- Impairment loss on property, plant and equipment	1,012,819	209,943
- Interest income	(166,583)	(179,255)
- Share of losses/(profit) of associated companies and a joint venture	59,728	(197,744)
	4,651,911	4,275,112
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	(419,584)	384,439
- Development properties	-	(733,866)
- Land held for development	-	57,497
- Construction contract balances	(75,020)	(2,598,579)
- Trade and other receivables	64,059	(1,219,076)
- Trade and other payables	857,538	759,803
- Financial assets, held-to-maturity	43,944	818,794
- Provisions	(89,229)	(22,470)
- Restricted cash	(191,145)	2,297,300
Cash generated from operations	4,842,474	4,018,954
Interest paid	(262,967)	(394,840)
Interest received	166,583	179,255
Income tax paid	(670,126)	(664,012)
Net cash provided by operating activities	4,075,964	3,139,357
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	3,879	28,811
Proceeds from sales of investment in an associated company	29,500	25,262
Proceeds from sales of financial assets, available-for-sale	75,236	2,713,241
Acquisition of financial assets, at fair value through profit and loss	(904,106)	-
Repayment by an associated company	-	210,000
Loans to non-related parties	-	(131,000)
Repayment of loans by non-related parties	-	238,000
Purchase of property, plant and equipment	(188,745)	(228,151)
Disposal of subsidiaries, net of cash disposed	79,488	702,505
Acquisition of financial assets, available-for-sale	(672,687)	(2,455,988)
Acquisition of intangible assets	(6,184)	(154)
Incorporation/acquisition of associated companies	(110,000)	(553,513)
Capital injection in an associated company	(40,000)	-
Return of capital by associated companies	286,211	81,587
Dividends received from a joint venture	340,738	28,711
Net cash (used in)/provided by investing activities	(1,106,670)	659,311
Cash flows from financing activities		
Acquisition of equity interest in existing subsidiaries from non-controlling interests	-	(12,745)
Proceeds from borrowings	2,001,860	8,298,816
Repayments of borrowings	(3,059,824)	(7,782,750)
Dividends paid to equity holders	(818,469)	(957,933)
Dividend paid to non-controlling interests	-	(3,686)
Net cash used in financing activities	(1,876,433)	(458,298)
Net increase in cash and cash equivalents	1,092,861	3,340,370
Cash and cash equivalents at the beginning of financial period	5,992,935	2,652,565
Cash and cash equivalents at the end of financial period	7,085,796	5,992,935

1(d)(i)(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>The Group</u>		<u>The Group</u>	
	4th Quarter		Full Year	
	4Q 2016	4Q 2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Net Profit	637,350	8,490	1,845,958	2,454,241
Other comprehensive income:				
Financial assets, available-for-sale				
- Fair value gains/(losses), net of tax	(29,292)	80,173	(20,284)	45,357
- Transfers to income statement	38,090	75,159	28,704	-
- Reclassification, net of tax	-	466	-	466
Share of other comprehensive income of associated companies and joint ventures	-	(28,704)	-	(28,704)
Currency translation difference arising from consolidation				
- Losses	(51,956)	(7,649)	(51,956)	(7,649)
Total comprehensive income, net of tax	594,192	127,935	1,802,422	2,463,711
Total comprehensive income attributable to:				
Equity holders of the Company	564,679	160,684	1,708,896	2,468,855
Non-controlling interests	29,513	(32,749)	93,526	(5,144)
	594,192	127,935	1,802,422	2,463,711

1(d)(i)(b) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

THE GROUP

Attributable to equity holders of the Group

	<u>Share</u>	<u>Treasury</u>	<u>Other</u>	<u>Retained</u>	<u>Total</u>	<u>Non-controlling</u>	<u>Total</u>
	<u>capital</u>	<u>shares</u>	<u>reserves</u>	<u>earnings</u>			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2016 Beginning of financial year	6,263,016	(20,979)	195,862	15,361,490	21,799,389	559,592	22,358,981
Transfer ⁽¹⁾	-	-	261,542	(261,542)	-	-	-
Transfer ⁽²⁾	91,080	-	(91,080)	-	-	-	-
Dividend relating to 2015 paid ⁽³⁾	-	-	-	(818,469)	(818,469)	-	(818,469)
Disposal of subsidiaries ⁽⁴⁾	-	-	(699)	-	(699)	(143,126)	(143,825)
Acquisition of equity interest in existing subsidiaries from non-controlling interests ⁽⁵⁾	-	-	2,849	-	2,849	(2,849)	-
Total comprehensive income for the year	-	-	(43,536)	1,752,432	1,708,896	93,526	1,802,422
End of the financial year	6,354,096	(20,979)	324,938	16,033,911	22,691,966	507,143	23,199,109
2015 Beginning of financial year	6,263,016	(20,979)	(6,514)	14,237,871	20,473,394	602,617	21,076,011
Transfer between reserves	-	-	378,048	(378,048)	-	-	-
Dividend relating to 2014 paid	-	-	-	(957,933)	(957,933)	(3,686)	(961,619)
Disposal of subsidiaries	-	-	(182,982)	-	(182,982)	(23,395)	(206,377)
Acquisition of equity interest in existing subsidiaries from non-controlling interests	-	-	(1,945)	-	(1,945)	(10,800)	(12,745)
Total comprehensive income for the year	-	-	9,255	2,459,600	2,468,855	(5,144)	2,463,711
End of the financial year	6,263,016	(20,979)	195,862	15,361,490	21,799,389	559,592	22,358,981

THE COMPANY

Attributable to equity holders of the Company

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2016 Beginning of financial year	6,227,799	(20,979)	50,888	1,114,906	7,372,614
Transfer between equity ⁽²⁾	91,080		(91,080)	-	-
Dividend relating to 2015 paid ⁽³⁾	-	-	-	(818,469)	(818,469)
Total comprehensive income	-	-	-	1,791,240	1,791,240
End of financial year	<u>6,318,879</u>	<u>(20,979)</u>	<u>(40,192)</u>	<u>2,087,677</u>	<u>8,345,385</u>
2015 Beginning of financial year	6,227,799	(20,979)	50,888	2,516,395	8,774,103
Dividend relating to 2014 paid	-	-	-	(957,933)	(957,933)
Total comprehensive income	-	-	-	(443,556)	(443,556)
End of financial year	<u>6,227,799</u>	<u>(20,979)</u>	<u>50,888</u>	<u>1,114,906</u>	<u>7,372,614</u>

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the PRC where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.
- (2) This represents the net proceeds of RMB91.08 million received in 1Q2013 from issue of 330,000,000 warrants at an issue price of RMB0.3072 (S\$0.0605) for each warrant, transferred from warrant reserve to share capital on expiry of the warrant in 2Q2016.
- (3) This represents the final dividend of 4.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2015. The Company paid the dividend on 13 May 2016.
- (4) In 2Q2016, the Company had through Jiangsu New Yangzi Shipbuilding Co., Ltd ("JNYS"), and Yitian Investment Pte. Ltd strike off Jiangsu Runzhou Heavy Industry Co., Ltd. In the same quarter, the Company had through JNYS disposed the entire 50% equity interest in the registered capital of Jiangsu Huaxi Yangzi Property Development Co., Ltd.
- (5) In 2Q2016, the Company acquired remaining 40% equity interest in CS Marine Technology Pte. Ltd. ("CMTPL"). Following the acquisition, the Company holds 100% of equity interest in CMTPL.

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no other changes in Company's share capital since 31 December 2016.

	Number of Shares ('000)	
	As at 31 Dec 2016	As at 31 Dec 2015
Shares may be issued on conversion	-	-
Shares held as treasury shares	5,239	5,239
Issued shares excluding treasury shares	3,831,838	3,831,838

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of Shares ('000)	
	As at 31 Dec 2016	As at 31 Dec 2015
Issued shares at the end of periods	3,837,077	3,837,077
Treasury shares at the end of periods	<u>(5,239)</u>	<u>(5,239)</u>
Net issued shares at the end of periods	3,831,838	3,831,838

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	Number of Shares ('000)	RMB '000
Total number of treasury shares		
Balance as at 1 January 2016	5,239	20,979
Repurchased during FY2016	-	-
Treasury shares re-issued	-	-
Balance as at 31 December 2016	<u>5,239</u>	<u>20,979</u>

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policy and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements, except for those as disclosed under paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations to FRS ("INTFRS") that are mandatory for application for the financial year as follows:

- FRS 103 Business Combinations

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent

consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

- FRS 108 Operating Segments

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 24 Related Party Disclosures

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 Fair Value Measurement

The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

The adoption of these new FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial periods.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	<u>The Group</u>	
	<u>FY 2016</u>	<u>FY 2015</u>
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	45.73	64.19
Weighted average number of Ordinary shares	3,831,838,000	3,831,838,000
(b) On fully diluted basis (RMB cents)	45.73	64.19

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is equal to basic earnings per share as at the years ended 31 December 2016 and 2015 as the Company has no potential dilutive ordinary shares.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	The Group		The Company	
	31/12/16	31/12/15	31/12/16	31/12/15
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	592.20	568.90	217.79	192.40

The Group's and the Company's net assets value per ordinary share as at 31 December 2016 and 31 December 2015 have been computed based on the share capital of 3,831,838,000 shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income statement review

4Q 2016 vs. 4Q 2015

Shipbuilding Related Segment	4Q2016		4Q2015	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	3,982,446	100%	2,778,153	100%
Cost	(2,931,994)	-74%	(2,060,795)	-74%
Margin	1,050,452	26%	717,358	26%
Trading				
Turnover	1,048,822	100%		
Cost	(1,040,683)	-99%		
Margin	8,139	1%		
Others				
Turnover	112,424	100%	155,087	100%
Cost	(80,828)	-72%	(126,053)	-81%
Margin	31,596	28%	29,034	19%

Investment Segment	4Q2016		4Q2015	
	RMB'000	%	RMB'000	%
Held-to-Maturity Investment				
Interest Income	331,618	100%	167,037	100%
Sale taxes and levies	(19,859)	-6%	(9,542)	-6%
Net interest income	311,759	94%	157,495	94%
Micro Finance Business				
Interest Income	32,928	100%	24,968	100%
Sale taxes and levies	(381)	-1%	740	3%
Net interest income	32,547	99%	25,708	103%

Revenue

Revenue for the Group comprises income generated from the shipbuilding related segment and investment segment.

Revenue derived from shipbuilding business recorded at RMB3,982 million in 4Q2016, and 9 vessels were delivered according to schedule, which was higher than 6 delivered in 4Q2015. Meanwhile, trading business contributed a revenue of RMB1,049 million in this quarter. Revenue derived from other shipbuilding related segment recorded at RMB112 million as compared to RMB155 million in 4Q2015, the decrease was mainly due to lower contribution from consultation services and the group's shipping logistics & design business in this quarter.

Interest income derived from HTM financial assets under investment segment recorded at RMB332 million, higher than same quarter last year.

Interest income derived from micro finance business increased in 4Q2016 to RMB33 million as compared to RMB25 million in 4Q2015.

Operating cost

Corresponding to higher revenues derived from shipbuilding business, our cost of sales of RMB2,932 million for 4Q 2016 was also higher than that of RMB2,061 million recorded in 4Q2015.

In 4Q2016, total cost of RMB20 million was incurred for the Group's investment segment, which mainly consist of sales taxes and levies on interest income.

Gross Profit

As compared to 4Q2015, the Group's shipbuilding business registered a gross profit margin of 26% in 4Q2016, at a same level as the corresponding period of last year.

Trading business contributed gross profit of RMB8 million in 4Q2016 with typically low gross profit margin of 1%.

As compared to the same quarter last year, net interest income generated by investment segment increased to RMB344 million in 4Q2016.

Other income

Other income, which generally includes interest income from bank deposits and interest income for ship finance lease, increased significantly from RMB40 million in 4Q2015 to RMB306 million in 4Q2016. This increase was mainly due to the recognition of RMB226 million advances payment from the previous ship owners of the terminated shipbuilding contracts in 4Q2016 according to the Group's accounting policy.

Other losses - net

Other losses mainly comprises provision for impairments and foreign exchange related gains/(losses). The Group recorded other losses of RMB514 million in 4Q2016 as compared to a loss of RMB615 million in 4Q2015. The loss was mainly due to the additional impairment provision of RMB145 million made for the fleet owned and operated by our shipping business and impairment loss of RMB336 million on property, plant and equipment, which was partially offset by a reversal of impairment provision of RMB180 million made for HTM investments and a foreign exchange related gain of RMB305 million.

Expenses

In 4Q2016, administrative expenses decreased to RMB178 million from RMB425 million in 4Q2015, the significant drop was due mainly to a one-off impairment provision of RMB369 million made in 4Q2015 for due from customer on construction contracts of the jack up drilling rig under construction.

In 4Q2016, finance cost decreased to RMB147 million as compared to RMB176 million in 4Q2015, was mainly due to reduced borrowings at group level during the quarter under review as compared to the previous corresponding period.

Share of results of associated companies and a joint venture

It represents the share of results from the Group's associated companies and the Group's joint venture, PPL Holdings Pte Ltd. Share of profit of associated companies of RMB106 million mainly consists of the share of fair value gain of venture capital investments in 4Q2016 from the Group's associated companies.

Corporate Income Tax

Jiangsu New Yangzi Shipbuilding Co., Ltd ("JNYS") enjoys a preferential enterprise income tax rate of 15% for a period of 3 years starting from FY2016 by virtue of a preferential tax policy as a "High/New Technology Enterprise". Despite a one-off tax refund of RMB138 million received in 4Q2016 by JNYS for its corporate income tax expenses

paid at 25% standard rate over the earnings in first 9 months of year 2016, the Group's effective tax rate for 4Q2016 stood at 37%, was a result of higher impairment charges which are non-tax deductible.

FY2016 vs. FY2015

Shipbuilding Related Segment	FY2016		FY2015	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	10,514,972	100%	12,208,800	100%
Cost	(7,921,404)	-75%	(9,834,025)	-81%
Margin	2,593,568	25%	2,374,775	19%
Trading				
Turnover	3,236,760	100%	2,050,847	100%
Cost	(3,190,606)	-99%	(2,022,617)	-99%
Margin	46,154	1%	28,230	1%
Others				
Turnover	270,401	100%	429,057	100%
Cost	(275,686)	-102%	(365,748)	-85%
Margin	(5,285)	-2%	63,309	15%

Investment Segment	FY2016		FY2015	
	RMB'000	%	RMB'000	%
Held-to-Maturity Investment				
Interest Income	1,003,814	100%	1,215,369	100%
Sale taxes and levies	(63,611)	-6%	(69,148)	-6%
Net interest income	940,203	94%	1,146,221	94%
Micro Finance Business				
Interest Income	63,491	100%	110,275	100%
Sale taxes and levies	(1,509)	-2%	(3,539)	-3%
Net interest income	61,982	98%	106,736	97%

Revenue

In 2016, 39 vessels were delivered according to schedule as compared to 36 vessels delivered in 2015. Despite of more vessels delivered this year, revenue contributed from shipbuilding business in FY2016 recorded a 14% decrease as compared to FY2015, the decrease was mainly due to vessels constructed and delivered this year were relatively of smaller value. Revenue contribution from trading business increased as compared to last year as a result of higher volume of trading business in FY2016. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering, ship design services and ship demolishing business was RMB270 million in FY2016, compared to RMB429 million in FY2015.

Although investment portfolio had increased as compared to end of last year, interest income derived from HTM financial assets under the investment segment decreased from RMB1,215 million in FY2015 to RMB1,004 million in FY2016, as a result of lower average interest rate charged this year.

Investment income derived from micro finance business in FY2016 decreased to RMB63 million as compared to RMB110 million of FY2015. The decrease was mainly due to lower loan balance in FY2016 as compared to the last year.

Operating cost

In line with lower revenue derived from shipbuilding business in FY2016, cost of sales of RMB7,921 million was also lower than that of RMB9,834 million recorded in FY2015.

In FY2016, total cost of RMB65 million was incurred for the Group's investment segment, which mainly consist of sales taxes and levies on interest income.

Gross Profit

In FY2016, gross profit margin of the Group's shipbuilding business registered at 25%, higher than the 19% achieved in FY2015. Higher margin was mainly due to the reversal of warranty provision of RMB186 million in this year upon expiry of warranty for vessels delivered in previous period as well as the appreciation of USD against RMB as compared to FY2015 as majority of our shipbuilding contracts are denominated in USD.

Trading business contributed about 23% of revenue from shipbuilding related segment in FY2016 with typically low gross profit margin of 1%.

A gross loss of RMB5 million recorded for other shipbuilding related business was mainly due to operating losses of our shipping logistics & chartering business as a result of decreased charter rate.

In line with lower interest income from investment segment, net interest income contributed by this segment in FY2016 was also lower than last financial year.

Other income

Other income, which generally includes interest income from bank deposits and interest income for ship finance lease, increased significantly from RMB271 million in FY2015 to RMB904 million in FY2016. This increase was mainly due to the recognition of RMB660 million advances payment from the previous ship owners of the terminated shipbuilding contracts in FY2016 according to the Group's accounting policy.

Other (losses)/gains - net

Other (losses)/gains mainly comprises provision of impairments and foreign exchange related gains/(losses). The Group recorded other losses of RMB789 million in FY2016 as compared to a gain of RMB168 million in FY2015. The loss was mainly due to additional impairment provision of RMB676 million made for the fleet of vessels owned and operated by our shipping business, impairment loss of RMB336 million on property, plant and equipment and fair value loss on financial asset, fair value through profit and loss of RMB299 million, which was partially offset by a subsidy income of RMB193 million and foreign exchange related gain of RMB548 million.

Expenses

Administrative expenses in FY2016 decreased to RMB476 million as compared to FY2015, this was due to an impairment provision of RMB369 million made in 4Q2015 for due from customer for the construction contract of the jack up drilling rig which was under construction.

Finance cost have decreased by 14% as compared to last year. This was mainly due to a reduced size of borrowing at group level during the quarter under review as compared to the previous corresponding period.

Share of results of associated companies and a joint venture

It represents the share of results from the Group's associated companies and the Group's joint venture, PPL Holdings Pte Ltd. Share of loss of associated companies and a joint venture of RMB60 million mainly consists of the share of fair value loss of venture capital investments in 2016 from the Group's associated companies.

In 3Q2016, PPL Holdings Pte Ltd ("PPL Holdings"), a 45% owned joint venture of the Company, disposed its 15% equity interest in PPL Shipyard Pte Ltd ("PPL Shipyard") to SembCorp Marine Ltd at a consideration of US\$115,058,934. PPL Holdings had declared all of its retained earnings as dividends to its shareholders during the same quarter. The disposal has minimum impact on the Group's income statement for this reporting period.

Corporate Income Tax

Group's effective tax rate for FY2016 was 33%, higher than 23% of FY2015. Higher effective tax rate in FY2016 was mainly a result of impairment losses which are non-tax deductible being recognized this year and a higher profit contribution from Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd (the "Xinfu Yard") in this year, who is subject to 25% standard corporate income tax. The Xinfu Yard is currently in the process of applying for "High/New Technology Enterprise", with which Xinfu Yard will be entitled to a preferential enterprise income tax rate of 15%. The taxation charge of RMB927 million includes 6% withholding tax on Chinese subsidiaries' distributable profits and average corporate tax rate of 27% in year 2016.

As a result of lower gross profit and higher effective tax rate as compared to FY2015, the Group's profit after tax for FY2016 of RMB1,846 million was 25% lower than that of FY2015.

Group's net profit margin of 12% in FY2016, lower than 15% of FY2015 as a result of lower gross margin and higher effective tax rate.

Statements of Financial Position Review

Assets

With construction of contracts with less favourable payment terms, due from customers for construction contracts at the end of this quarter had further increased to RMB3,929 million from RMB3,858 million as at the end of last year.

As a result of terminations of shipbuilding contracts during the year, there were several vessels terminated which are still under construction and transferred to inventory, inventory at the end of FY2016 increased to RMB2,032 million from RMB1,613 million at end of last year. The group had found new buyers for most of these vessels, and is actively seeking for potential buyers for the remaining vessels.

As at 31 December 2016, investment in financial assets, available-for-sale and financial assets, at fair value through profit or loss had increased to RMB1,454 million from RMB275 million recorded at the end of last year as a result of additional investment during the year. Investments in HTM financial assets had also increased marginally to RMB10.91 billion from RMB9.97 billion at end of 2015. As at 31 December 2016, impairment provision for HTM investments stood at RMB993 million.

As a result of the disposal in 2Q2016 of Jiangsu Huaxi Yangzi Property Development Co., Ltd, both the development properties and land held for development had reduced from RMB1,782 million and RMB55 million as at 31 December 2015 to zero at the end of this year.

Investment in a joint venture represents the Company's 45% interests in PPL Holdings Pte Ltd, had decreased significantly from end of FY2015. The decrease was mainly due to dividend received from PPL Holdings in 3Q2016 following the disposal of its investment in PPL Shipyard Pte Ltd ("PPL Shipyard").

The decrease of investment in associated companies from RMB1,087 million as at the end of last year to RMB883 million was mainly due to return of capital of RMB286 million received from several venture capital companies, net off additional investment of RMB150 million and share of results of associated companies during the year.

Liabilities

Warranty provisions for completed and delivered vessels decreased by RMB89 million as compared to 31 December 2015, being the net movement of provisions made for vessels delivered during the reporting period and reversal of provision after the expiry of warranty of vessels delivered in the previous period.

Borrowings represented the Group's secured and unsecured borrowings of RMB7,224 million, mainly consisting of long term unsecured bank borrowings.

Derivative financial instruments

This relates to the fair value of the outstanding derivative financial instruments which were acquired to reduce the currency exposure of the group's future incoming USD denominated income from shipbuilding business.

Equity

The change of "Total equity attributable to equity holders" to RMB22,692 million as at 31 December 2016 from RMB21,799 million as at 31 December 2015 was mainly a result of profits earned during the reporting period net of dividend payment for FY2015.

Statements of cash flows review

Cash and cash equivalents increased from RMB5,993 million to RMB7,086 million due mainly to net cash provided by operating activities of RMB4,076 million during the financial period.

Increase in net working capital requirements (including restricted cash) of RMB576 million was primarily attributable to the increase in inventory of RMB420 million and restricted cash of RMB191 million as well as tax paid of RMB670 million, which was largely offset by increase of trade and other payable of RMB858 million.

The net cash outflow from investing activities of RMB1,107 million mainly consist of acquisition of financial assets, at fair value through profit or loss of RMB904 million and financial assets, available-for-sale of RMB673 million, which is partly offset by dividend received from a joint venture of RMB341 million and return of capital of associated companies of RMB286 million.

Net cash used in financing activities of RMB1,876 million during 2016 was mainly related to FY2015 dividend payment to equity holders of RMB818 million and net repayment of borrowings of RMB1,058 million. Overall liquidity remains at a healthy level as evidenced by the current ratio of 2.25 as of 31 December 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The shipping and shipbuilding industry went through another challenging year in 2016. The stronger shipping demand for commodities led to a temporary recovery in the Baltic Dry Index in mid-2016, however, the oversupply of vessels, and the overall economic condition globally still weighed on new shipbuilding orders. According to China Association of The National Shipbuilding Industry, global new shipbuilding orders decreased by 67% in 2016 compared to 2015, and as of end of 2016, global outstanding order book decreased by 25% compared to a year earlier.

Despite the challenging market conditions, as of end of January 2017, 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. As at 31 December 2016, the Group had an outstanding order book of USD 4.3 billion, comprising 85 vessels. This is after taking into account new orders of 3 units of 39000DWT bulk carrier and 3 units of 39000CT oil tanker secured in 4Q2016. In year 2016, the Group had secured a total of 19 shipbuilding orders with an aggregate contract value of approximately USD823 million.

In 2016, Group disposed non-core assets and businesses, and further streamlined its resources to focus on shipbuilding activities and the R&D of high-technology vessels. At the same time, as it continued to ensure on-schedule, quality production of vessels and implement cost cutting measures, it furthered its strong, reliable ship delivery track record. Yangzijiang's strong financial position gives customer confidence in order placement, provides flexibility in procurement and cost management, and ensures smooth production. This is a vital factor for the group to not only survive, but also remain profitable in a prolonged weak market.

Group has continued to enforce stringent, multi-tier risk management system in managing its financial assets. The default risk is minimal so far and the collaterals have provided a safety net to recoup any potential loss. Compared to the interest income that was generated from the financial investment in the past few years, the risk-reward ratio has been very favorable to the Group.

In 2017, macroeconomic factors will continue to pose uncertainties to the shipbuilding industry. On a positive note, the increase in the demand for commodities shipping, higher scrapping rate and lower new vessel deliveries are expected to provide certain support to the industry. The new requirement on fuel and emission standard may also support the demand for new vessels. However, the new policies that might be introduced by the Trump administration, especially those in relation to infrastructure-related investment and trade protectionism, will also impact the market conditions for the shipbuilding industry in 2017.

Group will make its best effort for the on-time delivery of the LNG carriers, continue to build up its order book, explore opportunities in specialized vessels and high-value added vessels where demand is stronger, and optimize profit through further cost rationalization. The Board remains confident of the Group's outstanding shipbuilding capabilities and the strong financial position, which will help the Group to deliver the best possible financial performance for 2017.

11. Dividend

(a) Current Financial Period Reported On

Name of Dividend	Ordinary Share Final Dividend (Proposed)
Dividend Type	Cash
Dividend Rate	4 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	to be announced in due course
Payment Date	to be announced in due course

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Ordinary Share Final Dividend
Dividend Type	Cash
Dividend Rate	4.5 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	09/05/2016
Payment Date	13/05/2016

(c) Whether the dividend is before tax, net of tax or tax exempt

Tax exempt (One-tier).

(d) Date payable

The payment of the recommended final tax exempt (one-tier) dividend of SGD4 cents per share will be subjected to shareholders' approval to be obtained at the coming Annual General Meeting. The payment date will be announced in due course.

(e) Books closure date

To be announced in due course.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

(a) **Segment information**

The segment information for the reportable segments is as follows:

For the financial year ended 31 December 2016	Shipbuilding	Investments	Trading	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	10,514,972	1,067,305	4,578,089	270,401	16,430,767
Inter-segment revenue	-	-	(1,341,329)	-	(1,341,329)
Revenue from third parties	10,514,972	1,067,305	3,236,760	270,401	15,089,438
Segment result	2,875,822	526,006	407	(836,581)	2,565,654
Segment assets	21,711,172	13,061,017	1,437,297	4,536,527	40,746,013
Segment liabilities	9,165,233	300,228	1,797,912	1,828,882	13,092,255

For the financial year ended 31 December 2015	Shipbuilding	Investments	Trading	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	12,208,799	1,325,644	4,135,757	429,058	18,099,258
Inter-segment revenue	-	-	(2,084,910)	-	(2,084,910)
Revenue from third parties	12,208,799	1,325,644	2,050,847	429,058	16,014,348
Segment result	2,630,010	1,231,831	(10,705)	(348,507)	3,502,629
Segment assets	21,183,147	11,407,640	2,072,463	6,249,038	40,912,288
Segment liabilities	10,432,865	462,072	463,991	2,975,385	14,334,313

A reconciliation of segment results to profit before tax is provided as follows:

	2016	2015
	RMB'000	RMB'000
Segment results for reportable segments	3,402,235	3,851,136
Other segment results	(836,581)	(348,507)
Other income	178,396	202,820
Other gains - net	684,109	97,302
Administrative expenses	(380,898)	(353,165)
Finance expense, net	(274,495)	(264,736)
Profit before tax	<u>2,772,766</u>	<u>3,184,850</u>

Reportable segment's assets and liabilities are reconciled to total assets and liabilities as follows:

	2016	2015
	RMB'000	RMB'000
Segment assets for reportable segments	36,209,486	34,663,250
Others	4,536,527	6,249,038
Unallocated:		
Deferred income tax assets	488,170	333,774
	<u>41,234,183</u>	<u>41,246,062</u>
	2016	2015
	RMB'000	RMB'000
Segment liabilities for reportable segments	11,263,373	11,358,928
Others	1,828,882	2,975,385
Unallocated:		
Income tax liabilities	1,130,020	762,927
Deferred income tax liabilities	1,037,999	997,593
Borrowings	2,774,800	2,792,248
	<u>18,035,074</u>	<u>18,887,081</u>

(b) Segment information

The Group's sales, based on the customers' location, are mainly in countries such as Germany, Canada, China, USA and other European countries.

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
PRC & Taiwan	1,935,074	4,246,795
Germany	853,359	1,055,719
Other European countries	5,542,582	4,778,760
Other Asian countries	6,261,770	3,076,886
Canada and USA	166,925	2,856,188
Bahamas	329,728	-
	<u>15,089,438</u>	<u>16,014,348</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

See Paragraph 8 above.

15. **A breakdown of sales**

	2016 RMB'000	2015 RMB'000	Change %
(a) Sales reported for first half year	5,700,836	8,753,534	-35%
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	895,225	1,755,008	-49%
(c) Sales reported for second half year	9,388,602	7,260,814	29%
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	950,733	699,233	36%

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year SGD'000	Previous Full Year SGD'000
Ordinary	153,274	172,433
Total	153,274	172,433

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD4 cents per ordinary share amounting to a total of SGD153,274,000 based on current 3,831,838,000 net issued shares as of 31 December 2016 for the shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

17. **Interested Person Transactions**

The following table sets out the current total of all transactions with the interested person for the year ended 31 December 2016:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Xu Wen Jiong West Gold International Pte Ltd Procurement of marine equipment	RMB 43,010,000 *	Nil [^]
Ren Yuanlin Jiangsu Jiangyin-Jingjiang Industrial Zone Tongyi Trading Pte Ltd Sale of a previously defaulted HTM financial asset at a price determined through a court auction	RMB 208,790,000 *	Nil [^]

*Aggregate value less than 3% of Group's NTA as at 31 December 2016, shareholder mandate not applicable.

[^]The Company does not obtain a shareholders' mandate for interested person transactions.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ren Letian	35	Mr. Ren Letian is the son of Mr. Ren Yuanlin, the Executive Chairman and Director of the Company. Mr. Ren Yuanlin is also a substantial shareholder of the Company.	CEO of the Company & General Manager of the Group, in charge of the daily operations of the Group. He was appointed as Company's CEO on 1 st May 2015 and General Manager of the Group on 19 th September 2016.	On 19 th September 2016, he was appointed as General Manager of the Group and take charge of the operations of the Group. Prior to that, he was the Deputy General Manager of the Group.

19. CONFIRMATION PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

On behalf of the Board of Directors

Ren Yuanlin
Executive Chairman