



YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.
 (Company Registration No. 200517636Z)
 (Incorporated in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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			
	1st Quarter			
	1Q 2017	% of	1Q 2016	+ / (-)%
	RMB'000	Revenue	RMB'000	Variance
Revenue	4,681,558	100%	2,707,285	73%
Cost of sales	(3,792,217)	-81%	(2,058,803)	84%
Gross profit	889,341	19%	648,482	37%
Other income	57,434	1%	45,153	27%
Other gains, net	91,072	2%	163,375	-44%
Expenses				
- Administrative				
• Impairment loss	(45,035)	-1%	(22,784)	98%
• Others	(84,029)	-2%	(69,047)	22%
- Finance	(40,489)	-1%	(69,820)	-42%
Share of loss of associated companies and a joint venture [#]	(966)	-0.02%	(67,166)	-99%
Profit before income tax	867,328	19%	628,193	38%
Income tax expense	(174,749)	-4%	(168,582)	4%
Net profit	692,579	15%	459,611	51%
Attributable to:				
Equity holders of the Company	667,670	14%	447,977	49%
Non-controlling interests	24,909	0.5%	11,634	114%
	692,579		459,611	51%

[#] Share of loss of associated companies and a joint venture is after tax.

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

	The Group		+ / (-) % Variance %
	1st Quarter		
	1Q2017 RMB'000	1Q2016 RMB'000	
After charging:			
Depreciation and amortization	144,712	127,775	13%
Finance costs - Interest on borrowings	40,489	69,820	-42%
Foreign exchange related loss, net	62,369	103,925	-40%
Impairment loss on financial assets, held-to-maturity	45,035	22,784	98%
Fair value change on financial assets, at fair value through profit or loss	3,290	-	n.m.
After crediting:			
Interest income	34,151	45,153	-24%
Subsidy income	7,570	46,982	-84%
Fair value change on derivative financial instruments	144,108	206,941	-30%
Dividend Income	23,283	-	n.m.

n.m. denotes not meaningful.

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 Mar 2017 RMB'000	As at 31 Dec 2016 RMB'000	As at 31 Mar 2017 RMB'000	As at 31 Dec 2016 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	6,671,351	7,085,796	22,124	1,422,015
Restricted cash	548,253	1,219,695	-	-
Derivative financial instruments	8,047	36,371	8,047	36,371
Financial assets, at fair value through profit or loss	602,139	605,429	-	-
Financial assets, available-for-sale	798,843	648,843	-	-
Financial assets, held-to-maturity	4,769,614	5,296,709	-	-
Trade and other receivables	5,115,176	5,346,997	6,466,086	6,736,769
Inventories	1,659,198	2,032,459	-	-
Due from customers on construction contracts	3,801,753	3,929,478	-	-
	<u>23,974,374</u>	<u>26,201,777</u>	<u>6,496,257</u>	<u>8,195,155</u>
Non-current assets				
Financial assets, held-to-maturity	5,817,475	5,609,925	-	-
Trade and other receivables	1,217,710	1,258,379	2,349,959	2,347,406
Derivative financial instruments	188	23,002	188	23,002
Lease prepayments	1,073,041	1,080,656	-	-
Investment in subsidiaries	-	-	5,199,570	5,199,570
Investment in a joint venture	4,796	4,796	4,796	4,796
Investment in associated companies	956,356	882,622	134,062	134,062
Financial assets, available-for-sale	200,000	200,000	-	-
Property, plant and equipment	5,358,717	5,476,950	37	37
Intangible assets	7,699	7,906	-	-
Deferred income tax assets	488,170	488,170	-	-
	<u>15,124,152</u>	<u>15,032,406</u>	<u>7,688,612</u>	<u>7,708,873</u>
Total assets	<u>39,098,526</u>	<u>41,234,183</u>	<u>14,184,869</u>	<u>15,904,028</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,296,893	5,605,757	3,660,067	3,869,948
Derivative financial instruments	87,054	281,166	87,054	281,166
Due to customers on construction contracts	1,275,165	1,808,605	-	-
Advances received on construction contracts	584,213	457,021	-	-
Borrowings	1,351,871	2,579,435	-	1,387,400
Provisions	475,353	488,633	-	-
Current income tax liabilities	956,713	1,130,020	406,529	406,529
	<u>10,027,262</u>	<u>12,350,637</u>	<u>4,153,650</u>	<u>5,945,043</u>
Non-current liabilities				
Derivative financial instruments	282	1,416	282	1,416
Borrowings	4,105,924	4,645,022	1,379,860	1,387,400
Deferred income tax liabilities	1,073,370	1,037,999	224,784	224,784
	<u>5,179,576</u>	<u>5,684,437</u>	<u>1,604,926</u>	<u>1,613,600</u>
Total liabilities	<u>15,206,838</u>	<u>18,035,074</u>	<u>5,758,576</u>	<u>7,558,643</u>
NET ASSETS	<u>23,891,688</u>	<u>23,199,109</u>	<u>8,426,293</u>	<u>8,345,385</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	6,354,096	6,354,096	6,318,879	6,318,879
Treasury shares	(20,979)	(20,979)	(20,979)	(20,979)
Other reserves	406,286	324,938	(40,192)	(40,192)
Retained earnings	16,620,233	16,033,911	2,168,585	2,087,677
	<u>23,359,636</u>	<u>22,691,966</u>	<u>8,426,293</u>	<u>8,345,385</u>
Non-controlling interests	532,052	507,143	-	-
Total equity	<u>23,891,688</u>	<u>23,199,109</u>	<u>8,426,293</u>	<u>8,345,385</u>

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 March 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
426,906	924,965	507,185	2,072,250

Amount repayable after one year

As at 31 March 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
641,169	3,464,755	898,243	3,746,779

Details of any collateral

The borrowings from the bank are secured by restricted cash and legal mortgages over the vessels.

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.

	The Group	
	1st quarter	
	1Q2017	1Q2016
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	692,579	459,611
Adjustments for:		
- Income tax expenses	174,749	168,582
- Depreciation on property, plant and equipment	136,890	118,807
- Amortisation of lease prepayment	7,615	8,899
- Amortisation of intangible assets	207	69
- Interest expenses	40,489	69,820
- Fair value change on derivative financial instruments	(144,108)	(206,941)
- Fair value change on financial assets, at fair value through profit or loss	3,290	-
- Dividend income	(23,283)	-
- Interest income	(34,151)	(45,153)
- Share of profit of associated companies and a joint venture	966	67,166
	855,243	640,860
Change in working capital		
- Inventories	373,261	4,244
- Development properties	-	(1,335)
- Construction contract balances	(278,523)	(39,744)
- Trade and other receivables	272,490	971,273
- Trade and other payables	(308,864)	975,761
- Financial assets, held-to-maturity	319,545	(601,716)
- Provisions	(13,280)	(7,672)
- Restricted cash	671,442	(551,627)
Cash generated from operations	1,891,314	1,390,044
Interest paid	(48,029)	(82,780)
Interest received	34,151	45,153
Income tax paid	(312,685)	(62,922)
Net cash provided by operating activities	1,564,751	1,289,495
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,657)	(10,087)
Acquisition of financial assets, available-for-sale	(150,000)	-
Proceeds from sales of financial assets, available-for-sale	-	235
Incorporation / acquisition of additional shares in associated companies	(74,700)	-
Dividend income	23,283	-
Return of capital by associated companies	-	9,108
Net cash used in investing activities	(220,074)	(744)
Cash flows from financing activities		
Proceeds from borrowings	368,340	1,263,800
Repayments of borrowings	(2,127,462)	(1,323,110)
Net cash used in financing activities	(1,759,122)	(59,310)
Net (decrease)/increase in cash and cash equivalents	(414,445)	1,229,441
Cash and cash equivalents at the beginning of financial period	7,085,796	5,992,935
Cash and cash equivalents at the end of financial period	6,671,351	7,222,376

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>	
	1st Quarter	
	1Q2017	1Q2016
	RMB'000	RMB'000
Net Profit	692,579	459,611
Other comprehensive income:	-	-
Total comprehensive income, net of tax	692,579	459,611
Total comprehensive income attributable to:		
Equity holders of the Company	667,670	447,977
Non-controlling interests	24,909	11,634
	692,579	459,611

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 capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	6,354,096	(20,979)	324,938	16,033,911	22,691,966	507,143	23,199,109
Transfer between equity ⁽¹⁾	-	-	81,348	(81,348)	-	-	-
Total comprehensive income	-	-	-	667,670	667,670	24,909	692,579
Balance at 31 March 2017	6,354,096	(20,979)	406,286	16,620,233	23,359,636	532,052	23,891,688
Balance at 1 January 2016	6,263,016	(20,979)	195,862	15,361,490	21,799,389	559,592	22,358,981
Transfer between equity ⁽¹⁾	-	-	42,783	(42,783)	-	-	-
Total comprehensive income	-	-	-	447,977	447,977	11,634	459,611
Balance at 31 March 2016	6,263,016	(20,979)	238,645	15,766,684	22,247,366	571,226	22,818,592

THE COMPANY

	Attributable to equity holders of the Company				Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
Balance at 1 January 2017	6,318,879	(20,979)	(40,192)	2,087,677	8,345,385
Total comprehensive income	-	-	-	80,908	80,908
Balance at 31 March 2017	6,318,879	(20,979)	(40,192)	2,168,585	8,426,293
Balance at 1 January 2016	6,227,799	(20,979)	50,888	1,114,906	7,372,614
Total comprehensive income	-	-	-	1,874,674	1,874,674
Balance at 31 March 2016	6,227,799	(20,979)	50,888	2,989,580	9,247,288

- (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.

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.

There was no change in Company's share capital since 31 December 2016.

1(d)(iii) Number of shares that may be issued on conversion of all outstanding convertibles as at the end of the current financial period and as at the end of corresponding period of immediately preceding year.

	Number of Shares ('000)	
	As at 31 March 2017	As at 31 March 2016
Shares may be issued on conversion	-	-

1(d)(iv) Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period and as at the end of the corresponding period of immediately preceding year.

	Number of Shares ('000)	
	As at 31 March 2017	As at 31 March 2016
Shares held as treasury shares	5,239	5,239
Issued shares excluding treasury shares	3,831,838	3,831,838

1(d)(v) 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 March 2017	As at 31 December 2016
Issued shares at the end of periods	3,837,077	3,837,077
Treasury shares at the end of periods	(5,239)	(5,239)
Issued shares excluding treasury shares	<u>3,831,838</u>	<u>3,831,838</u>

1(d)(vi) 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 2017	5,239	20,979
Repurchased during 1Q2017	-	-
Treasury shares re-issued	-	-
Balance as at 31 March 2017	<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?

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2017. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The following are the new or amended FRS that are relevant to the Group:

- Improvements to Financial Reporting Standards (December 2016)
- Amendments to FRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The adoption of the above amended FRS did not have any significant impact on the financial statements of the Group.

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:-

	The Group	
	1Q2017	1Q2016
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	17.42	11.69
Weighted average number of Ordinary shares	3,831,838,000	3,831,838,000
(b) On fully diluted basis (RMB cents)	17.42	11.69

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	
	31/03/17	31/12/16	31/03/17	31/12/16
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	609.62	592.20	219.90	217.79

The Group's and the Company's net assets value per ordinary share as at 31 March 2017 and 31 December 2016 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:

- 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
- 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

Shipbuilding Related Segment	1Q2017		1Q2016	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	2,890,028	100%	2,021,152	100%
Cost	(2,234,900)	-77%	(1,562,105)	-77%
Margin	655,128	23%	459,047	23%
Trading				
Turnover	1,515,399	100%	429,675	100%
Cost	(1,496,593)	-99%	(425,639)	-99%
Margin	18,806	1%	4,036	1%
Others				
Turnover	64,112	100%	44,265	100%
Cost	(52,487)	-82%	(58,131)	-131%
Margin	11,625	18%	(13,866)	-31%

Investment Segment	1Q2017		1Q2016	
	RMB'000	%	RMB'000	%
Held-to-Maturity Investment				
Interest Income	207,884	100%	200,422	100%
Value added taxes and levies	(8,186)	-4%	(12,212)	-6%
Net interest income	199,698	96%	188,210	94%
Micro Finance Business				
Interest Income	4,135	100%	11,771	100%
Value added taxes and levies	(51)	-1%	(716)	-6%
Net interest income	4,084	99%	11,055	94%

Revenue

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

14 vessels were delivered in 1Q2017, lower than 15 delivered in 1Q2016. Revenue derived from shipbuilding business increased by 43% from RMB2,021 million in 1Q2016 to RMB2,890 million in 1Q2017. Higher revenue contribution from shipbuilding business was mainly due to recognition of revenue of RMB551 million on the resale of four 82,000DWT bulk carriers in 1Q2017 which were terminated previously in FY2016. Due to higher volume of trading activities in this quarter, trading business contributed towards a higher revenue of RMB1,515 million as compared to 1Q2016. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB64 million in 1Q2017, compared to RMB44 million of 1Q2016 due to higher charter rate in this quarter.

Although investment portfolio had decreased slightly as compared to same quarter last year, interest income derived from HTM financial assets under the investment segment increased marginally from RMB200 million in 1Q2016 to RMB208 million in 1Q2017.

Investment income derived from micro finance business in 1Q2017 decreased further to RMB4 million as compared to RMB12 million of 1Q2016. The decrease was mainly due to lower loan balance in 1Q2017 as compared to the same quarter last year.

Operating cost

In line with higher revenue derived from shipbuilding business in 1Q2017, cost of sales of RMB2,235 million was also higher than RMB1,562 million recorded in 1Q2016.

In 1Q2017, total cost of RMB8.2 million was incurred for the Group's investment segment, which mainly consist of value added taxes and levies on interest income.

Gross Profit

In 1Q2017, gross profit margin of the Group's shipbuilding business registered at 23%, same as 1Q2016.

Trading business contributed about 34% of revenue from shipbuilding related segment in 1Q2017 has a low gross profit margin of 1%.

A higher margin of RMB12 million recorded in 1Q2017 for other shipbuilding related business compared to a gross loss of RMB14 million in 1Q2016 was mainly due to improved charter rate of our shipping logistics & chartering business in this quarter.

In line with higher interest income from investment segment, net interest income contributed by this segment in 1Q2017 was also higher than the same quarter last year.

Other income

Other income, which generally includes interest income from bank deposits, interest income for ship finance lease and dividend income, increased from RMB45 million in 1Q2016 to RMB57 million in 1Q2017. This increase was mainly due to higher dividend income of RMB23 million in this quarter.

Other gains - net

Other gains mainly comprise foreign exchange related losses and fair value change on derivative financial instrument and financial assets, at fair value through profit or loss. The Group recorded other gains of RMB91 million in 1Q2017 which was mainly related to a fair value gain of RMB144 million recognised at the end of 1Q2017 on the outstanding derivative financial instruments that the Group plan to hold till maturity to mitigate the currency exposure of the Group's future USD denominated income from shipbuilding business, and an exchange related loss of RMB62 million.

Expenses

The Group's administrative expenses in 1Q2017 was RMB129 million, which is higher than RMB92 million of 1Q2016. Higher expenses was mainly due to higher impairment provision of RMB45 million made for HTM investments and higher other administrative expenses in corresponding to higher shipbuilding activities in this quarter.

In 1Q2017, finance cost of RMB40 million was lower than RMB70 million of 1Q2016 due to lower level of bank borrowings in 1Q2017.

Share of results of associated companies and a joint venture

Share of loss of associated companies and a joint venture of RMB0.97 million mainly consists of share of results from the Group's associated companies in 1Q2017.

Corporate Income Tax

Group's effective tax rate for 1Q2017 was 20%. The taxation charge of RMB175 million was arrived after accounting for 6% deferred tax on Chinese subsidiaries' undistributed profits and average corporate tax rate of 15% in 1Q2017. Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd (the "Xinfu Yard") had started to enjoy a preferential enterprise income tax rate of 15% for a period of 3 years from FY2016 by virtue of a preferential tax policy as a "High/New Technology Enterprise". Tax refund for FY2016 will be recognised as tax credit upon receipt. Currently, both Jiangsu New Yangzi Shipbuilding Co., Ltd and Xinfu Yard, are entitled to a preferential enterprise income tax rate of 15%.

Statements of financial position review

Assets

Inventory at the end of 1Q2017 decreased to RMB1,659 million from RMB2,032 million at end of last year, as we had delivered four 82,000DWT bulk carriers in 1Q2017 which were terminated in FY2016.

Investments in HTM financial assets had decreased marginally to RMB10.59 billion from RMB10.91 billion at end of FY2016. As at 31 March 2017, impairment provision for HTM investments stood at RMB1,037 million.

The increase of investment in associated companies from RMB883 million as at the end of last year to RMB956 million was mainly due to additional investment of RMB74.7 million in associated companies.

Liabilities

As more contracts with less favourable payment terms have started construction, due to customers on construction contracts at the end of 1Q2017 had further decreased to RMB1,275 million as compared to RMB1,809 million at the end of last year. Advances received on construction contracts increased from RMB457 million to RMB584 million due to advance payment collected from new orders in this quarter.

Warranty provisions for completed and delivered vessels decreased by RMB13.3 million as compared to 31 December 2016, 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 by the Group's secured and unsecured borrowings stood at RMB5,458 million at the end of 1Q2017, this represents a decrease of RMB1,767 million from RMB7,224 million as of 31 December 2016. The decrease was the result of the Group's effort to restructure our USD dominated loan in order to reduce the overall borrowing costs.

Derivative financial instruments

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

Equity

The change of "Total equity attributable to equity holders" to RMB23,360 million as at 31 March 2017 from RMB22,692 million as at 31 December 2016 was mainly a result of profits earned during the reporting period.

Statements of cash flows review

Cash and cash equivalents decreased to RMB6,671 million from RMB7,086 million as at 31 December 2016, mainly due to the net cash used in financing activities of RMB1,759 million.

Operating profit before working capital changes of RMB855 million consists mainly of profit generated during 1Q2017, net of non-cash non-operating items such as interest income, interest expenses, depreciation and amortization.

Decrease in net working capital (including restricted cash) of RMB710 million was primarily attributable to the decrease of restricted cash, inventory and financial assets, held-to-maturity of RMB671 million, RMB373 million and RMB320 million respectively, which was partly offset by the decrease in trade and other payable of RMB309 million and income tax paid of RMB313 million.

Net cash used in investing activities of RMB220 million was mainly related to acquisition of financial assets, available-for-sale of RMB150 million and additional investment in associated companies of RMB74.7 million.

Net cash used in financing activities of RMB1,759 million during 1Q2017 related to repayment of borrowings. Overall liquidity remains at a healthy level as evidenced by the current ratio of 2.39 as at 31 March 2017.

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.

2017 unfolded with several encouraging signs for the shipping and shipbuilding industry. Increased global shipping demand, especially for the transportation of iron ore and grain, led to increases in charter rates, which in turn led to a strong rebound of the Baltic Dry Index. The increase in second-hand vessel prices also triggered increased enquiries for new build vessels.

The Group also benefited from the improved market sentiment. In 1Q2017, Yangzijiang secured 13 new shipbuilding orders with a total value of USD318 million. These orders comprised five units of 82,000DWT bulk carriers, five units of 62,000DWT woodchip carriers, two units of 1,800TEU containerships and one unit of 6,500DWT ConRo Vessel.

As of end of March 2017, Yangzijiang was ranked no.1 in China and no. 4 in the world in terms of outstanding order book.¹ As at 31 March 2017, the Group had an outstanding order book of USD 4.03 billion, comprising 84 vessels. This is after

¹ <http://mp.weixin.qq.com/s/Ff-z1-yO4GJEWmkkSdnRrQ>

taking into account the termination of four shipbuilding orders consisting of 3 units of 36,500DWT bulk carriers and 1 unit of 10,000TEU containership in 1Q2017. One of abovementioned four terminated vessels has not started construction, and the company is actively seeking for buyers for the remaining three vessels. An average of approximately 20% down payment of contract value had been collected for the abovementioned terminated contracts, and the group will recognise these down payment according to its accounting policy.

Yangzijiang delivered the two units of the 27,500 CBM LNG carriers in 1Q2017, four months ahead of schedule, making a successful debut in producing clean-energy vessels. This is a milestone achievement that enhances Yangzijiang's profile and opens doors for further orders for high-tech and clean-energy vessels.

The refreshed interest on the shipbuilding market was pretty much supported by the attractive price of new vessels and the need for shipbuilders to renew and upgrade their fleet. The fundamental oversupply situation in the shipping market still exists, and uncertainties remain for the sustainability of such a recovery.

Yangzijiang will take a cautiously optimistic stance, mindful of the market uncertainties, give preference to good-quality orders and continue to build up its order book, explore opportunities in specialized, clean-energy and high-value added vessels, and optimize profit through on-going cost rationalization. The Board remains confident of the Group's outstanding shipbuilding capabilities and strong financial position, which will help the Group to deliver strong financial performance for 2017.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

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

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend has been declared for the period under review.

13. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the first quarter ended 31 March 2017:

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)
<u>Xu Wen Jiong</u> West Gold International Pte Ltd Procurement of marine equipment	RMB13,012,000 *	Nil [^]

*Aggregate value less than 3% of Group's NTA as at 31 March 2017, shareholder mandate not applicable.

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

14. 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.

15. CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Ren Yuanlin and Xu Wen Jiong, being two of the Directors of Yangzijiang Shipbuilding (Holdings) Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company (the "Board") that, to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the period ended 31 March 2017 to be false or misleading, in all material respects.

On behalf of the Board of Directors

Ren Yuanlin
Executive Chairman

Xu Wen Jiong
Non-independent Non-executive Director