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**MEDIA RELEASE – FOR IMMEDIATE RELEASE**

**Yangzijiang’s 2Q2017 earnings  
increases by 73% to RMB719.9 million,  
secures new shipbuilding orders of  
USD832 million year to date**

- **Group reported revenue of RMB3.8 billion for 2Q2017, 27% higher compared to 2Q2016, supported by the construction of larger-size vessels**
- **Gross profit margin for core shipbuilding business was 20% compared to 24% a year ago, due to lower contract value of vessels under construction**
- **Group secured 33 new shipbuilding orders with a total value of USD832 million year to date, surpassing the total new shipbuilding orders for whole of 2016**
- **Outstanding order book stood at USD4.0 billion as at 30 June 2017, comprising 85 vessels, to keep optimal use of yards’ facilities up to 2020**

**SINGAPORE – 7 August 2017 – Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang” or the “Group”), a globally-leading shipbuilder based in China, and an Straits Times Index component company listed on the SGX Main Board, reported net profit attributable to shareholders of RMB719.9 million for the three months ended 30 June 2017 (“2Q2017”).**

## Financial Analysis

| Financial Highlights                      | 2Q2017    | 2Q2016    | Change | 1H2017    | 1H2016    | Change |
|---|-----------|-----------|--------|-----------|-----------|--------|
|   | RMB'000   | RMB'000   | %      | RMB'000   | RMB'000   | %      |
| Revenue                                   | 3,791,261 | 2,993,551 | 27     | 8,472,819 | 5,700,836 | 49     |
| Gross Profit                              | 804,835   | 684,235   | 18     | 1,694,176 | 1,332,717 | 27     |
| Gross Profit Margin                       | 21%       | 23%       | -      | 20%       | 23%       | -      |
| Expenses <sup>^</sup>                     | 115,339   | 292,856   | (61)   | 284,892   | 454,507   | (37)   |
| Other Income                              | 49,992    | 51,084    | (2)    | 107,425   | 96,237    | 12     |
| Other Gains / (loss)                      | 188,608   | 147,072   | 28     | 279,681   | 310,447   | (10)   |
| Net Profit Attributable to Equity Holders | 719,916   | 415,400   | 73     | 1,387,586 | 863,377   | 61     |
| PATMI Margin                              | 19%       | 14%       | -      | 16%       | 15%       | -      |

<sup>^</sup> Expenses include administrative expenses and finance expenses, which include some impairment loss

Group's total revenue increased by 27% year-on-year ("yoy") to RMB3.8 billion in 2Q2017. Four vessels were delivered in 2Q2017, compared to seven delivered in 2Q2016. Revenue derived from shipbuilding business increased by 25% from RMB1.8 billion in 2Q2016 to RMB2.3 billion in 2Q2017, primarily attributable to the construction of vessels of larger size during the quarter. Revenue generated by trading business and other shipbuilding related businesses, such as shipping logistics & chartering and ship design services, were also higher in 2Q2017, supported by higher trading volume and higher charter rate.

Under investment segment, although the size of the HTM assets decreased in 2Q2017, interest income increased to RMB341 million, from RMB258 million in 2Q2016. The higher interested income was mainly due to higher average interest rate as a result of more long-term investments in the portfolio.

Gross profit margin for Shipbuilding business was at 20% for 2Q2017, lower than the 24% for 2Q2016. The lower margin was mainly due to the lower contract price of vessels under construction. Other shipbuilding related business generated higher gross profit of RMB12 million in 2Q2017 compared to a gross loss of RMB19 million in 2Q2016, supported by improved charter rate for the shipping logistics & chartering business. Net interest income margin for HTM investment improved slightly from 94% for 2Q2016 to 95% for 2Q2017.

Other income maintained at a similar level of about RMB 50 million as compared to 2Q2016. The Group recorded other gains of RMB189 million, including some fair value gains on its financial assets, from outstanding currency-hedging derivative financial instruments, and from the dissolution of four shipping companies under its shipping arm, which was offset by an exchange related loss.

The Group delivered net profit attributable to shareholders of RMB719.9 million in 2Q2017 compared to RMB415.4 million in 2Q2016. Fully diluted earnings per share was RMB18.79 cents for 2Q2017, compared to RMB10.84 cents for 2Q2016.

| <b>Balance Sheet (RMB'000)</b>                | <b>30 Jun 2017</b> | <b>31 Dec 2016</b> |
|---|--------------------|--------------------|
| <b>Property, Plant and Equipment</b>          | 5,210,998          | 5,476,950          |
| <b>Restricted Cash</b>                        | 335,417            | 1,219,695          |
| <b>Cash &amp; Cash Equivalents</b>            | 6,299,733          | 7,085,796          |
| <b>Financial Assets, Held-to-Maturity</b>     | 10,609,615         | 10,906,634         |
| <b>Total Borrowing</b>                        | 5,996,804          | 7,224,457          |
| <b>Total Equity</b>                           | 23,880,336         | 23,199,109         |
| <b>Gross Gearing (Borrowings / Equity)</b>    | 25.1%              | 31.1%              |
| <b>Net Gearing (Net Borrowings* / Equity)</b> | Net cash           | Net cash           |

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

Group continued to maintain a strong balance sheet. Gross gearing decreased from 31.1% as at 31 December 2016 to 25.1% as at 30 June 2017, and it remained in a net cash position. Net asset value per share increased to RMB6.08 as at 30 June 2017 from RMB5.92 as at 31 December 2016.

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

Global shipbuilding market continued to recover in the first half of 2017, especially in some segments, such as dry bulk carrier, supported by the higher volume of iron ore transportation and the ease of overcapacity. New shipbuilding demand for containership remained weak.

In 2Q2017, the Group secured new orders for three 1,800TEU containerships (exercise of options), and three 82,000DWT bulk carriers (new shipbuilding orders). In 1H2017, the Group secured a total of 19 effective shipbuilding contracts with an aggregate value of

US\$450 million. In July 2017, the Group had an additional fourteen shipbuilding orders come into effect, with an aggregated contract value of USD381 million. This brought the new order wins year to date to 33 vessels worth USD832 million in total.

As at 30 June 2017, the Group had an outstanding order book of USD4.0 billion, comprising 85 vessels. This is after taking into account the termination of an order for a unit of 82000DWT bulk carrier in 2Q2017. The construction for this vessel has not started yet, and the group will recognize the down payment according to its accounting policy.

*“Despite the current mismatch of the shipping supply and demand, the demand for shipbuilding remains intact in the long term. Seaborne trade will continue to be a dominant part in international trade, and the growth of e-commerce will support global shipping demand. As China’s Belt and Road initiative gains momentum, it will further stimulate international trade. The rules and regulations enforced by the International Maritime Organization are expected to have profound impact to the shipbuilding and shipping industries, both in terms of triggering demand for green vessels, and changing the landscape of the industry.*

*Yangzijiang stood the test of a challenging market reasonably well and this was attributable to our persistent pursuit of excellence. We seek constant improvement to every detail in our vessel design, energy efficiency, construction process, quality and stability, and cost structure. Through innovation and introducing new vessel products, we maintained a healthy order book backlog when the market was weak, and we are making good progress in order taking when market starts to recover. With our financial strength, established operational structure and extensive client network, we are aspired to build Yangzijiang as a strong, reputable shipbuilding entity that passes its track record and achievements over centuries.”*

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

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**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 Northern 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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