



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

**Yangzijiang’s 3Q2017 earnings
more than triples yoy to RMB866 million,
Group secures new shipbuilding orders of
USD1.6 billion year to date**

- Revenue of RMB4.4 billion for 3Q2017, 13% higher yoy
- Core shipbuilding gross margin at 15%, lower compared to 3Q2016 due to RMB appreciation and increase in raw material cost
- Year-to-date new orders of 59 vessels with total value of USD1.6 billion, compared to 2016 whole year’s of USD 823 million
- Outstanding order book stood at USD4.3 billion as at 30 September 2017, will optimally utilize yards’ facilities up to 2020

SINGAPORE – 9 November 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 RMB866.0 million for the three months ended 30 September 2017 (“3Q2017”).

Financial Analysis

Financial Highlights	3Q2017	3Q2016	Change	9M2017	9M2016	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	4,378,165	3,880,364	13	12,850,984	9,581,200	34
Gross Profit	673,584	869,412	(23)	2,367,760	2,202,129	8
Gross Profit Margin	15%	22%	-	18%	23%	-
Expenses ^	(113,949)	(965,636)	(88)	(398,841)	(1,420,143)	(72)
Other Income	57,697	501,078	(88)	165,121	597,315	(72)
Other Gains	309,302	240,268	29	588,984	550,714	7
Net Profit Attributable to Equity Holders	865,996	281,219	208	2,253,582	1,144,595	97
PATMI Margin	20%	7%	-	18%	12%	-

[^] Expenses include administrative expenses and finance expenses, which include some impairment loss

Group's total revenue increased by 13% year-on-year ("yoy") to RMB4.4 billion in 3Q2017. Nine vessels were delivered in 3Q2017, compared to eight delivered in 3Q2016. Revenue derived from shipbuilding business increased by 4% from RMB2.7 billion in 3Q2016 to RMB2.8 billion in 3Q2017. Revenue generated by trading business was RMB1, 270 million as compared to RMB874 million in 3Q2016. Revenue from shipbuilding related business was slightly lower as the Group recently disposed of its entire stake in the ship demolition business, which was categorized in 'shipbuilding related business' previously.

Under investment segment, although the size of the HTM assets decreased slightly to RMB10.7 billion in 3Q2017, interest income increased to RMB228 million from RMB214 million in 3Q2016. The higher interested income was mainly due to higher average interest rate as a result of more long-term investment in the portfolio.

Gross profit margin for Shipbuilding business was at 15% for 3Q2017, lower than the 24% for 3Q2016. The lower margin was mainly due to the appreciation of RMB against USD since the beginning of 2017 and the increase in raw material prices.

Other shipbuilding related business generated higher gross profit of RMB10 million in 3Q2017 compared to a gross loss of RMB4 million in 3Q2016, supported by improved charter rates for the shipping logistics & chartering business. Net interest income margin for HTM investment improved slightly from 92% for 3Q2016 to 95% for 3Q2017.

Other income was about RMB58 million in 3Q2017 compared to RMB501 million in 3Q2016, as there was a one-off income of RMB434 million from forfeiture of advances received on terminated shipbuilding contracts recorded in 3Q2016. Other gains was RMB309 million in 3Q2017, including fair value gain on financial assets of RMB 82 million, a subsidy income of RMB148 million, a gain on disposal of two vessels of RMB61 million and a gain of RMB95 million from disposal of the entire 50% equity interest in Jiangsu Huayuan Metal Processing Co., Ltd. These items were partly offset by an exchange related loss of RMB102 million.

The Group delivered net profit attributable to shareholders of RMB866.0 million in 3Q2017 compared to RMB281.2 million in 3Q2016. Fully diluted earnings per share was RMB22.33 cents for 3Q2017, compared to RMB7.34 cents for 3Q2016.

Balance Sheet (RMB'000)	30 Sep 2017	31 Dec 2016
Property, Plant and Equipment	4,902,036	5,476,950
Restricted Cash	4,066	1,219,695
Cash & Cash Equivalents	5,353,829	7,085,796
Financial Assets, Held-to-Maturity	10,707,549	10,906,634
Total Borrowing	4,925,390	7,224,457
Total Equity	25,776,789	23,199,109
Gross Gearing (Borrowings / Equity)	19.1%	31.1%
Net Gearing (Net Borrowings* / Equity)	Net cash	Net cash

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

Group's financial position has continued to strengthen. Gross gearing decreased from 31.1% as at 31 December 2016 to 19.1% as at 30 September 2017, and it remained in a net cash position. Net asset value per share increased to RMB6.35 as at 30 September 2017 from RMB5.92 as at 31 December 2016.

REVIEW / OUTLOOK/ FUTURE PLANS

With the Baltic Dry Index¹ recovering to a 3-year high, the market conditions for shipbuilding industry have continued to improve in the third quarter, especially for dry bulkers.

¹http://www.eworldship.com/html/2017/bulk_market_1027/133083.html

In July 2017, the Group had 14 shipbuilding contracts that came into effect, comprising 6 units of 82,000DWT bulk carriers, 3 units of 180,000DWT bulk carriers, 4 units of 45,000DWT bulk carriers and 1 unit of 29,800DWT Great Lakes Self Unloading bulk carrier. The aggregate value for these contracts was USD381 million. In addition, new shipbuilding orders since our 2Q2017 results announcement on 7 August 2017 include: 13 units of 82,000DWT bulk carriers, 1 unit of 180,000DWT bulk carrier, 2 units of 45,000DWT bulk carriers, 2 units of 1,668TEU containerships, 5 units of 208,000DWT bulk carriers and 3 units of 2,200TEU containerships, with an aggregate value of USD754million. Year to date, the Group has secured new orders for 59 vessels with total contract value of USD 1.59 billion. This is almost double of the total contract value for the new orders received in 2016.

As at 30 September 2017, with an outstanding order book of USD4.3 billion for 103 vessels, Yangzijiang was ranked no.1 in China and no. 4 in the world. This is confirmed order book excluding the occasional order terminations. For terminated orders where construction has not started yet, certain down payments of the contract value had been collected and the Group will recognise according to its accounting policy.

“The shipbuilding market has continued to recover, especially in the dry bulk carrier segment. We have achieved our new order taking target for 2017 ahead of schedule, and we’ll continue to ride the wave and build up our order book. The strong outstanding order book has given Yangzijiang the resilience to consistently deliver profit throughout market cycles.”

While uncertainties remain in the shipbuilding market, there are certain factors that would support the long-term demand for shipbuilding, including that seaborne trade will remain a dominant part in international trade, the growth of e-commerce, China’s Belt and Road initiative, and International Maritime Organization rules and regulations on vessel emission standards.

Yangzijiang will continue to pursue excellence through improving vessel design and operational efficiency. With our financial strength, established operational structure, strong reputation 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

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

By Financial PR Pte Ltd

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