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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang reports 38% increase in 2Q2018 earnings to RMB995 million

Strong operational and financial performance in sheer contrast with its share price decline of 38% year to date

- **Revenue increased by 110% yoy to RMB8.0 billion in 2Q2018, supported by the delivery of several large-size vessels**
- **Core shipbuilding gross margin at 21%, compared to 20% for 2Q2017**
- **Group secured new orders for 22 vessels from January to July 2018 with total contract value of USD982 million**
- **Outstanding order book stood at USD4.1 billion as at 7 August 2018, will keep the Group's yard facilities healthily utilized up to 2020**

SINGAPORE – 7 August 2018 – Yangzijiang Shipbuilding (Holdings) Ltd. ("**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 RMB995 million for the three months ended 30 June 2018 ("**2Q2018**").

Financial Analysis

Group's total revenue increased by 110% year-on-year ("yoy") to RMB8.0 billion in 2Q2018. Revenue generated by shipbuilding business was significantly higher than in 2Q2017, supported by the construction and delivery of several large-size vessels (20 vessels were delivered in 2Q2018, compared to 4 delivered in 2Q2017). Revenue generated by trading business increased too, as a result of higher trading volume. Revenue generated by other shipbuilding related businesses, such as shipping logistics & chartering and ship design services, was RMB133 million in 2Q2018 compared to RMB69 million in 2Q2017, supported by higher charter income in the quarter and the charter income from the four vessels owned by the Group's 60% subsidiary (stake acquired in 2Q2018).

Financial Highlights	2Q2018	2Q2017	Change	1H2018	1H2017	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	7,963,505	3,791,261	110	12,926,760	8,472,819	53
Gross Profit	1,561,783	804,835	94	2,421,414	1,694,176	43
Gross Profit Margin	*20%*	*21%*	-	*19%*	*20%*	-
Expenses ^	(496,086)	(115,339)	330	(542,149)	(284,892)	90
Other Income	84,521	49,992	69	132,415	107,425	23
Other Gains	212,181	188,608	12	169,993	279,681	(39)
Net Profit Attributable to Equity Holders	994,916	719,916	38	1,590,015	1,387,586	15
PATMI Margin	*12%*	*19%*	-	*12%*	*16%*	-

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

The financial assets, at amortised costs[1] stood at RMB11.9 billion as at 30 June 2018, 0.3% lower compared to 31 December 2017. Net interest income received in 2Q2018 was RMB369.0 million, higher than the RMB324.6 million in 2Q2017.

Gross profit margin for core Shipbuilding business was at 21% for 2Q2018, compared to 20% for 2Q2017, as several large-size vessels delivered this quarter commanded higher margin.

The Group delivered net profit attributable to shareholders of RMB994.9 million in 2Q2018 compared to RMB719.9 million in 2Q2017. Fully diluted earnings per share was RMB25.08 cents for 2Q2018, compared to RMB18.79 cents for 2Q2017.

Balance Sheet (RMB'000)	30 Jun 2018	31 Dec 2017
Property, Plant and Equipment	5,202,038	4,820,729
Restricted Cash	16,018	29,405
Cash & Cash Equivalents	7,893,916	6,195,431
Financial Assets, at Amortised Costs	11,943,948	11,978,869
Total Borrowing	3,770,931	4,890,746
Total Equity	27,521,936	26,516,697
Gross Gearing (Borrowings / Equity)	13.7%	18.4%
Net Gearing (Net Borrowings* / Equity)	Net cash	Net cash

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

[1] According to new accounting standards, the Group has reclassified the Held-to-Maturity investment as "financial assets, at amortised costs" on balance sheet.

Group’s financial position strengthened further during 1H2018. Gross gearing decreased from 18.4% as at 31 December 2017 to 13.7% as at 30 June 2018, and the Group remained in a net cash position. Net asset value per share increased to RMB6.72 as at 30 June 2018 from RMB6.52 as at 31 December 2017. Group’s cash & cash equivalents and restricted cash increased from RMB6.2 billion as at 31 December 2017 to RMB7.9 billion as at 30 June 2018, or approximately SGD1.58 billion[2], compared to Yangzijiang’s market capitalization of SGD3.59 billion as of 7 August 2018.

REVIEW / OUTLOOK/ FUTURE PLANS

Supported by improving global seaborne trade volume and higher charter rates for several major vessel categories, the shipbuilding market continued to recover in 2018. According to Clarksons Research[3], global containership orderbook to fleet ratio stood at a historically low level of 12%[4], and “the fundamentals (in the containership sector) look set to remain supportive of further market improvements in 2018-19”. On the dry bulker side, the strong demand from China for iron ore and coal, as well as the relaxation of import restrictions at a number of ports in China, will continue to support global seaborne dry bulk trade. In terms of supply, bulk carrier fleet is “projected to expand at a relatively subdued rate of 2.5% in both 2018 and 2019”, and there is “potential for further gradual improvements to balance of fundamentals”, indicating fleet growth gradually catching up with the shipping demand growth.

With regard to the escalation of the trade war, the Group’s existing order book has no exposure to the sectors on the US’ tariff list, and the Group doesn’t see the tariff list directly impacting its future order flow. Various studies suggest limited impact of the protectionism and trade wars on the global trade volume. However, the Group is mindful of the uncertainties and the potential risks to the shipping and shipbuilding demand and will closely monitor the situation.

Year to date, the Group secured new orders for 22 vessels with total contract value of USD982 million. These new orders include 10 units of 82,000DWT, 2 units of 180,000DWT, 2 units of 208,000DWT bulk carriers, 2 units of 2,400TEU and 5 units of 12,690TEU containerships, and 1 unit of 83,500DWT combination carrier. As at 7 August 2018, with an outstanding order book of USD4.1 billion for 114 vessels, Yangzijiang was ranked no. 1 in China and no. 4 in the world. These orders will keep the Group’s yard facilities at a healthy utilization rate up to 2020 and provide a stable revenue stream for at least the next 2.5 years.

[2] Based on SGD/CNY exchange rate of 5.00 on 7 August 2018.
[3] June 2018 edition
[4] At the start of June 2018

"We achieved very commendable business progress in the second quarter. We delivered two 400,000DWT dry bulkers and eight large containerships, showcasing Yangzijiang's strong capacity, high efficiency and vessel quality to customers. As market conditions remained favorable, we took several good quality new orders and kept our order book at a healthy level. Most of these new orders were large-size dry bulkers and containerships where Yangzijiang has good delivery track record and has achieved decent returns from economies of scale. The new orders also contributed to an upgraded product portfolio.

To achieve sustainable growth, we will continue to upgrade our product portfolio, especially through improving the technological content and efficiencies of large-size containerships and dry bulkers. We are making good progress on the R&D and innovation in clean energy vessels and gradually building up the capabilities in building LNG and LPG related vessels. As cost of steel increased, we have implemented methods to improve the steel utilization rate, along with broad scale cost-cutting measures. This is one factor, among many others, that contributed to our healthy gross margin despite market headwinds.

While the market could dictate the share price to diverge from a company's true value in the short term, the price should eventually reflect the value in the long run. As an established world-class shipbuilding group, we are committed to building vessels of tomorrow and creating value for long-term, value investors."

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

Despite the strong operational and financial performance, Yangzijiang's share price declined by 38% year to date in 2018. Since 30 May 2018, the Group has conducted share buyback on the open market for a total of 23.1 million shares, equivalent to 0.58% of its issued shares (excluding treasury shares), at an average price of SGD 0.9045. The Group has a share buyback mandate that allows it to buy back up to 10% of the issued share capital.

--The End—

Company Profile

Established in 1956, Yangzijiang Shipbuilding (Holdings) Ltd. (“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

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Issued for and on behalf of Yangzijiang Shipbuilding (Holdings) Ltd.

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