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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang Reports 54% Growth in Earnings to RMB2.1 billion for 2H2021, FY2021 Earnings of RMB3.7 billion Highest since 2011

- **Group's revenue increased by 55% yoy to RMB10.2 billion for 2H2021 due to higher shipbuilding and shipping activities**
- **Proposes final dividend of S$0.05 per share for FY2021 (FY2020: S$0.045 per share)**
- **Group has proposed a spin-off its investment business through a separate listing on SGX Mainboard, shareholders to receive a dividend-in-specie on one-to-one basis following regulatory approvals**
- **Backed by outstanding order book of USD8.5 billion for 157 vessels as at 31 December 2021**

SINGAPORE – 27 February 2022 – Yangzijiang Shipbuilding (Holdings) Ltd. ("**Yangzijiang**" or the "**Group**"), a globally-leading shipbuilding group based in China, and a Straits Times Index component company listed on the SGX Main Board, reported its financial results for the six months and twelve months ended 31 December 2021 ("2H2021" and "FY2021" respectively).

Strong Financial Performance

The Group's total revenue increased 13% year-on-year ('yoy') to RMB16.8 billion in FY2021 but gross profit fell by 14% as margin declined by 6 percentage points ('ppts') to 22% due to strong RMB and surge of steel cost, Group's hedging policy in USD/RMB forward contracts gave group a currency gain of RMB627 million which will help to hedge future shipbuilding revenue. As a result, the Group achieved a net profit attributable to shareholders ('PATMI' or 'Earnings') of RM3.7 billion for FY2021, a 47% gain yoy. This is also the highest net profit that the Group has recorded since 2011 as PATMI margin improved by 5 ppts to 22% for FY2021. Correspondingly, the Group recorded net cash flow from operating activities of RMB6.14 billion in FY2021 as compared with a negative cash flow from operating activities of RMB0.61 billion in FY2020.

Following strong financial performance and to reward shareholders for their continued support in the Group, the Board of Directors proposed a final dividend of S$0.05 per share in FY2021 (FY2020: S$0.045 per share), representing a 25% pay-out based on the fully diluted earnings per share of 95.79 RMB cents for FY2021.

Financial Highlights	2H2021	2H2020	Change	FY2021	FY2020	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	10,167,670	6,575,945	55	16,767,906	14,841,266	13
Gross Profit	1,944,000	2,238,237	(13)	3,630,313	4,222,147	(14)
Gross Profit Margin	*19%*	*34%*	*-15ppts*	*22%*	*28%*	*-6ppts*
(Impairment loss)/Reversal of impairment loss) on financial assets	(29,776)	(264,459)	(89)	136,453	(598,745)	n.m.
Other Administrative Expenses	(290,004)	(492,621)	(41)	(540,376)	(739,794)	(27)
Finance Costs	(33,842)	(17,546)	93	(69,901)	(75,264)	(7)
Other Income	549,636	316,183	74	815,081	478,850	70
Other Gains/ (Losses), net	196,976	(347,653)	n.m.	548,650	(208,430)	n.m.
Net Profit Attributable to Equity Holders	2,059,712	1,338,651	54	3,698,632	2,516,404	47
PATMI Margin	*20%*	*20%*	*-*	*22%*	*17%*	*5 ppts*

Segmental Performance

Core shipbuilding revenue for 2H2021 increased by 80% from RMB4,676 million to RMB8,420 million, and was significantly higher as 27 vessels were delivered in 2H2021 as compared to 17 vessels delivered in 2H2020. The Group's shipbuilding business registered a gross profit margin of 11% in 2H2021, lower than 26% of 2H2020 due to progressive construction of shipbuilding contracts entered in previous years with lower contract prices, rising raw material costs and the appreciation of RMB against USD during the period. The Group also recorded a net reversal of loss provision of RMB205 million for onerous contracts in 2H2021 because of progressive construction of some of the contracts and reassessment of foreseeable losses on onerous contracts as at the end of year.

Revenue from the shipping segment increased by RMB184 million to RMB551 million in 2H2021 due to an expanded shipping fleet size to 26 vessels in total and improved charter rates. Our fleet consists of Bulk Carriers, Multipurpose Vessels and Stainless Chemical Tankers. This segment registered a gross profit margin of 42% in 2H2021, significantly higher than 29% in 2H2020, mainly due to improved charter rates for bulk carriers during the period.

Revenue generated by other shipbuilding related businesses such as trading and ship design services declined from RMB575 million in 2H2020 to RMB358 million in 2H2021 mainly due to lower trading revenue and continues to record a gross profit margin of 4% in 2H2021.

Interest income derived from investment segment declined from RMB958 million in 2H2020 to RMB838 million in 2H2021, mainly due to lower average interest rate earned from new investments during the period. Net interest income for 2H2021 was RMB789 million and this segment reported a gross margin of 94%.

Other income in 2H2021 increased from RMB316 million in 2H2020 to RMB550 million in 2H2021, due to higher interest income of RMB215 million and higher dividend income of RMB305 million from financial assets at fair value through profit or loss recorded in 2H2021 as compared to 2H2020.

The Group recorded other gains of RMB197 million in 2H2021 as compared to a RMB348 million loss recorded in 2H2020. The gains in 2H2021 were mainly a result of higher fair value gain on derivative financial instruments of RMB627 million mainly arising from fair value movement of USD/CNY forward contracts entered by the Group to manage its currency exposure to future USD denominated income from shipbuilding business. These gains were largely offset by a higher fair value loss of RMB464 million on financial assets, at fair value through profit or loss.

In 2H2021, total administrative expenses decreased from RMB757 million to RMB320 million, mainly due to lower impairment losses on investments at amortised cost of RMB121 million in 2H2021 as compared to RMB266 million in 2H2020 and the absence of impairment loss on property, plant and equipment in 2H2021. The Group made a provision of RMB82 million in 2H2020 for the customer claim in relation to a forfeiture income from terminated shipbuilding contract which is still in an ongoing arbitration process.

Consequently, the Group delivered a net profit attributable to shareholders of RM2,060 million for 2H2021, 54% higher than the RMB1,339 million for 2H2020.

Balance Sheet (RMB'000)	31 Dec 2021	31 Dec 2020
Property, Plant and Equipment	5,151,788	5,226,004
- ***Vessels***	*2,184,691*	*1,972,464*
Restricted Cash	17,307	15,624
Cash & Cash Equivalents	12,363,193	6,633,416
Debt Investment at Amortised Costs	16,581,505	16,957,689
Total Borrowing	4,456,593	4,244,053
Total Equity	36,061,565	33,376,515
Gross Gearing (Borrowings / Equity)	12.4%	12.7%
Net gearing*	Net cash	Net cash

** [(restricted cash + cash & cash equivalents) – total borrowing] / total equity*

The Group maintained a strong financial position with net cash in FY2021 with net asset value per share of RMB9.16, as compared with RMB8.40 in FY2020.

REVIEW / OUTLOOK/ FUTURE PLANS

Backed by record order wins for 124 vessels with total contract value of USD7.41 billion in 2021, and an outstanding orderbook of USD8.50 billion as of 31 December 2021, the Group remains well-positioned to generate strong cash flows from operations as the Group fulfils orders placed and will seek to achieve operational excellence in our production lines to improve production efficiency. Containerships make up 83% of our existing orderbook in terms of total contract value, which also command higher margins given their greater value-add over dry bulkers and tankers.

The Group will also begin to deliver vessels that have been contracted at higher value, as opposed to orders taken in 2019 and which were mostly delivered by year 2021.

In June 2021, the International Maritime Organization (IMO)[1] adopted new mandatory measures to cut the carbon intensity of international shipping, requiring all ships to calculate their Energy Efficiency Existing Ship Index ('EEXI') and to establish their annual operational carbon intensity indication ('CII') rating. Carbon intensity links greenhouse gas emissions to the amount of cargo carried over distance travelled, and ships will get a rating of their energy efficiency (A, B, C, D, E – where A is the best). A ship rated D for three consecutive years, or E, is required to submit a corrective action plan, to show how the required index (C or above) would be achieved. Stricter environmental regulations could raise replacement orders and stronger demand for green energy vessels, an encouraging trend following strong global shipbuilding orders in 2021. The Group continues to strengthen its shipbuilding capabilities within the clean energy sector and remains confident to secure new orders for green energy vessels.

The longer-term outlook for shipbuilding continues to remain positive with underlying demand supported by the need to meet new environmental regulations, improved efficiencies and new technologies. As the Group aims to emerge as one of the top shipbuilders globally, it will position itself as a pure-play shipbuilding company and has thus proposed for a spin-off of its investment business through a separate listing on SGX Mainboard. This spin-off will allow the Group to focus on its core shipbuilding business, strengthening its corporate governance by accelerating its ESG repositioning and is likely to attract new investors to come on board, especially investors with a preference of limiting their investment exposure to within the shipbuilding sector. This could also lead to a revaluation of the Company, as it can be directly compared to other listed peers such as the Korean and Japanese shipbuilders. A successful spin-off is also expected to unlock deep value for all shareholders, enabling both entities to maximize value for its shareholders given enhanced flexibility in pursuing growth opportunities.

The Group has obtained pre-clearance from the Singapore Exchange Securities Trading Limited ('SGX') to spin off its investment arm ('the Spin-off Group') for listing on the Mainboard of SGX, and on 11 February 2022, the Spin-off Group applied for listing on the Mainboard of the SGX-ST by way of an introduction. Upon a successful listing following regulatory approvals, all shareholders of the Group will be entitled to a dividend-in-specie on a one-to-one basis.

More disclosures regarding the Spin-off will be disclosed as and when appropriate. As compared to a final dividend of S$0.045 per share for FY2020, the Group has proposed a cash dividend of S$0.05 per share for FY2021. In addition to the cash dividend, the Group will also distribute the shares of the Spin-off Group to all existing shareholders upon approval from SGX and shareholders and will work closely with SGX to facilitate a successful listing of the Spin-off Group.

[1] https://www.imo.org/en/MediaCentre/PressBriefings/pages/MEPC76.aspx

"We achieved multiple milestones in FY2021, including record contract wins and highest net profit since 2011 despite multiple headwinds including COVID-19 related disruptions, power shortages within China and a surge in raw material costs, which is a strong testament to our operational execution strength. Given that the shipbuilding arm is now well-positioned to continue delivering returns and to achieve further breakthroughs within the clean energy vessel space, it is timely for the Group to propose a spin-off of our investment arm through a separate listing on the SGX Mainboard and will be led by Mr Ren Yuanlin, our Honorary Chairman. The new spin-off Group will also be led by a separate board of directors as we strive to achieve strong governance, transparency and independence across both entities.

The shipbuilding arm will be led by a team of dedicated management, further strengthen corporate governance and allow the Group to focus on building its competitive strengths in shipbuilding following the spin-off, and accelerate the Group's ESG-centric positioning. The shipbuilding arm will see a more efficient capital allocation structure which should lead to higher returns on assets and equity, all else equal. We also hope to detach Yangzijiang Shipbuilding from any conglomerate discount given that both entities will become singularly focused business."

---- Mr. Ren Letian (任乐天)

Executive Chairman and CEO, Yangzijiang Shipbuilding (Holdings) Ltd

"The management team has been instrumental in navigating Yangzijiang through the constantly evolving and challenging landscape, enabling the Group to achieve record orderbook wins and highest net profit in a decade in the past year. I remain deeply confident in the strengths of our management team and their abilities in finding new avenues of growth especially within the green energy sector.

Building on our investment segment's track record and capabilities over the past years, the spin-off group will expand further into fund and wealth management business through the acquisition of a fund management company with a capital markets services license in Singapore and will continue to acquire or add new capabilities. The spin-off group will no longer be restricted to a limited number of asset classes or type and will see diversification into fast-growing sectors and new asset classes including private debt, mezzanine financing and REITs, and will expand its geographical outreach in the Greater China and Southeast Asia region.

I am confident that this spin-off will be value-accretive for our shareholders and will like to express my gratitude towards all shareholders for their support over the years. I hope that all our shareholders will continue to show their support for both entities following a successful spin-off."

---- Mr. Ren Yuanlin (任元林)

Honorary Chairman, Yangzijiang Shipbuilding (Holdings) Ltd

--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 five shipyards in Jiangsu Province, China along the Yangtze River, the Group produces a broad range of commercial vessels including medium to 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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