



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

Yangzijiang Delivers Record High Half Year Shipbuilding Revenue of RMB8.5 billion; Profit Attributable to Equity Holders from Continuing Operations up 32% yoy to RMB1.2 billion

- Shipbuilding segmental revenue for 1H2022 jumped 78% yoy to RMB8.5 billion on the back of record vessel delivery
- Shipping segmental revenue rose 37% yoy to RMB561 million, underpinned by an expanding charter fleet and higher charter rates
- The Group aims to deliver sustainable returns to its shareholders through constant technology innovation in clean energy vessels and an expanding charter fleet

SINGAPORE – 07 August 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 ended 30 June 2022 (“1H2022”). The Group recorded RMB1.2 billion of profit from continuing operations attributable to equity holders, up 32% year-on-year (“yoy”).

Robust Financial Performance from Continuing Operations

The Group recorded a 70% yoy increase in revenue to RMB9.7 billion, backed by higher contribution from all segments. Gross profit increased by 64% yoy to RMB1.4 billion in line with revenue growth, while gross profit margin remained relatively unchanged at about 15%.

The core shipbuilding revenue jumped 78% yoy to RMB8.5 billion, as the Group delivered 35 vessels in 1H2022, compared to 23 vessel deliveries in 1H2021. Gross profit increased 68% yoy to RMB1.1 billion, in line with the higher revenue and including a RMB123 million net reversal of loss provision for onerous contracts. However, gross profit margin dipped to 13%, from 14% for 1H2021, mainly due to rising raw material costs, but it was up from 11% for 2H2021.

Revenue from the Shipping segment increased 37% yoy to RMB561 million, buoyed by an expanding charter fleet and higher charter rates. Gross profit rose 45% yoy to RMB226 million, as improving charter rates for bulk carriers edged the gross profit margin to 40%, from 38% for 1H2021.

Revenue generated by other business such as trading, ship design services and investments retained by the Group subsequent to spin-off increased to RMB659 million in 1H2022, including interest income from debt investments at amortised cost of RMB79 million (1H2021: RMB43 million). The increase in revenue generated by other business was mainly due to higher volume of trading business activities.

Financial Highlights	1H2022	1H2021	Change
	RMB'000	RMB'000	%
Revenue	9,741,127	5,738,998	70
Gross Profit	1,423,970	869,523	64
Gross Profit Margin	15%	15%	0 ppt ¹
Finance Costs	(52,275)	(36,059)	45
Other Income	162,054	188,991	(14)
Other Gains, net	305,730	352,877	(13)
Net Profit Attributable to Equity Holders from continuing operations	1,170,627	884,578	32
PATMI Margin from continuing operations	12%	15%	(3) ppts
Return on Equity ²	14% ³	9% ⁴	5 ppts

1. Ppt: Percentage point
2. Annualised return on equity
3. $[\text{Profit attributable to equity holders from continuing operations} * 2] / [\text{total equity} - \text{non-controlling interests}]$
4. $[\text{Profit attributable to equity holders} * 2] / [\text{total equity} - \text{non-controlling interests}]$

Interest income attained from bank deposits and ship finance leases increased to RMB150 million from RMB125 million in 1H2021, mainly attributable to higher interest income earned from ship finance leases this year. Other income, including dividend income and sale of materials, declined to RMB12 million from RMB64 million for 1H2021, mainly due to lower income derived from sales of materials during the period.

The Group recorded other gains of RMB306 million, contributed by foreign exchange related gains of RMB466 million and gain on dissolution of subsidiaries of RMB41 million, which were partially offset by fair value loss on financial assets of RMB73 million and fair value loss on derivative financial instruments of RMB211 million. The fair value losses arose from fair value movement of the USD/CNY forward contracts that the Group had entered to manage its currency exposure to future USD denominated income from shipbuilding business.

Finance cost increased by RMB16 million to RMB52 million, due to higher bank borrowings and borrowing costs.

The Group continues to maintain a strong financial position with a net cash of RMB3.7 billion as of 30 June 2022, after distributing almost RMB20 billion worth of net assets to shareholders through the spin-off of Yangzijiang Financial Holdings.

Balance Sheet (RMB'000)	30 Jun 2022	31 Dec 2021
Property, Plant and Equipment	5,527,819	5,151,788
- Including Property, Plant and Equipment - Shipping	2,688,421	2,185,152
Cash & Cash Equivalents	9,046,537	12,363,193
Debt Investment at Amortised Costs	2,187,074	16,581,505
Total Borrowing	5,328,511	4,456,593
Total Equity	16,658,970	36,061,565
Gross Gearing (Borrowings / Equity)	32.0%	12.4%
Net gearing*	Net cash	Net cash

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

REVIEW / OUTLOOK / FUTURE PLANS

Yangzijiang demonstrated its resilience and agility by delivering a strong performance for 1H2022, despite the COVID-induced lockdowns in China and supply chain bottlenecks. The Group delivered 35 vessels in 1H2022, underpinned by the efficient utilisation of its shipyards, and is in line with its delivery target of 70 vessels for 2022. As of the announcement date, the Group has secured new order-wins of USD1.09 billion for 18 vessels YTD, bringing the total outstanding orderbook to USD8.13 billion for 134 vessels. The Group, backed by its technology, quality and timely delivery, is well positioned to benefit from the ongoing upcycle for shipbuilding and extend its foothold to clean energy sectors.

As the shipbuilding industry is propelling a shift towards decarbonisation, the Group has proactively navigated to clean energy sectors and made meaningful progress in July with order-wins of 4 units of 8,000TEU Liquefied Natural Gas (“LNG”) dual-fuel containerships that will carry the GTT Mark III technology with an ammonia-ready fuel tank; and 2 units of 36,000CBM Liquefied Ethylene Gas (“LEG”) carriers.

The shipping industry is expected to remain resilient amidst ongoing port congestions and limited infrastructure conditions. Given Europe’s coal restocking demand, China’s surging coal demand to support its economic recovery, we remain positive on the near-term outlook for shipping. On the other hand, the growth rate of dry bulk supply is expected to slow to 2.4% in 2022 and 0.7% in 2023 compared to 3.6% in 2021¹ because of the limited new build contracts since containerships occupy the majority of shipyards capacities.

¹ Clarksons Research, July 2022

“From an operational perspective, this set of results was particularly meaningful to all of us at Yangzijiang Shipbuilding. We delivered a record number of vessels in 1H2022, despite an extremely challenging environment due to COVID-related supply chain disruptions. With our yards at full capacity, our new work-flow systems showed a clear improvement in productivity and efficiency. But this wouldn’t have been possible without the tenacity from our staff to who were able to adapt to the numerous obstacles that they had to overcome. I am very grateful to all our staff.

People are everything to us, and we have a duty to provide greener solutions for everyone. As one of the leading shipyards in China, we are determined to be a major part of it. Our recent contract wins to build green vessels, like the 4 units of 8,000 TEU LNG dual-fuel containership, showcase our growing footprint in a space that is traditionally dominated by the Korean shipyards. Our team has developed and acquired technology that has enabled us to compete in this space profitably. Looking ahead, we confident of moving up the value chain and building larger and more complex vessels.

As we look to the future, agility and diversity in thought is needed and we need to ensure a diverse Board with different skill sets. I am pleased to welcome Ms Liu Hua to the Board as a Non-independent Non-executive Director of the Group. Her experience in the shipping industry will be a huge asset and she will add gender diversity to the Board. Mr Yee Kee Shian, Leon is another welcome addition to the Board and will be appointed as an Independent Non-Executive Director. Mr Yee’s deep experience in the legal field will strengthen our Board as well.

With better workflow, new opportunities in green vessels and a strengthened Board, I am excited to see what the future holds for us here at Yangzijiang Shipbuilding.”

---- Mr. Ren Letian (任乐天)

Executive Chairman and CEO, 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

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

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