

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.
(Company Registration No. 200517636Z)
(Incorporated in the Republic of Singapore on 21 December 2005)

ARBITRATION PROCEEDINGS

The Board of Directors (“**Board**”) of Yangzijiang Shipbuilding (Holdings) Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that arbitration proceedings were commenced at an arbitration tribunal in London by certain entities (collectively the “**Claimants**”) on 10 June 2022 and on 26 September 2022 respectively against three (3) wholly-owned subsidiaries of the Group, namely (1) Jiangsu Tianchen Marine Import & Export Co., Ltd., (2) Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd., and (3) Jiangsu New Yangzi Shipbuilding Co., Ltd. (collectively, the “**Respondents**”), under 10 shipbuilding contracts for alleged breach of contract (the “**Claims**”).

The Claims relate to 10 shipbuilding contracts entered into between the Claimants and the Respondents (i) on 5 November 2021 for the purchase of 4 vessels, and (ii) on 30 December 2021 for the purchase of 6 vessels. These shipbuilding contracts were later terminated by the Claimants on 24 March 2022 and 16 May 2022 respectively. The total value of the 10 shipbuilding contracts is approximately USD900 million.

On 10 June 2022, the relevant Claimants served on the Respondents notices of commencement of arbitration proceedings against the Respondents in respect of four (4) vessels, alleging a breach by the Respondents of the relevant shipbuilding contracts. On 26 September 2022, notices of commencement of arbitration proceedings against the Respondents were served by the relevant Claimants in respect of a further six (6) vessels.

The aggregate amount of the Claims is approximately USD835 million, comprising loss of bargain, loss of profits and refund of the payments made by the Claimants. The total payments made by the Claimants for the abovementioned 10 shipbuilding contracts was only USD3.32 million.

Following consultation with its legal advisors and an evaluation of the merits of the Claims in 2022, the Company was advised by its legal advisors that there were no merits in the Claims and the Claimants’ claims were highly improbable to succeed. The Company then took the position that the Respondents should vigorously defend the Claims and take all necessary steps to defend against the Claims in the arbitration proceedings.

Subsequently, substantive progress in the arbitrations was only made during the course of this year. The Company has now been advised by its legal advisors that (a) the Respondents continue to have good arguable defences and accordingly, a good arguable case that the Claims should be denied and (b) based on the evidence of the Respondents’ expert witness, the quantum of the Claims is incorrectly measured and highly inflated. With the first tranche of arbitration hearings scheduled for November 2024, the Respondents are now working closely with the legal advisors in defending the Claims.

Based on the advice of its legal advisors that the Respondents have a reasonably good prospect of success in the arbitrations, the Company is of the view that the Claims are not expected to have a material adverse impact on the Group's financial position for the financial year ending 31 December 2024. Nevertheless, to promote transparency and uphold the orderly functioning of the capital markets, the Company considers it appropriate to provide this update to its shareholders.

The Company will make further announcements to update its shareholders when there are material updates in connection with the above, as and when necessary or appropriate.

Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order Of The Board

Ren Letian
Executive Chairman and Chief Executive Officer
12 October 2024