



**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

(Company Registration No. 200517636Z)

(Incorporated in the Republic of Singapore on 21 December 2005)

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**ACQUISITION OF 24.81% BENEFICIAL INTEREST IN JIANGSU NEW YANGZI SHIPBUILDING CO., LTD ("JNYS") (A DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL) (THE "TRANSACTION")**

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The Board of Directors (the "**Board**") of Yangzijiang Shipbuilding (Holdings) Ltd. (the "**Company**") is pleased to announce that the Company has entered into a conditional sale and purchase agreement (the "**Agreement**") today with HongKong Hengyuan Investment Limited, a company incorporated in Hong Kong, SAR (the "**Vendor**") to beneficially acquire a 24.81% equity interest in the registered capital of JNYS (the "**Acquisition**").

**1. The Transaction**

- 1.1 Pursuant to the Agreement, the Company shall acquire 50,000 shares of US\$1.00 each (the "**Sale Shares**") in Pleasant Way Analyse Development Limited, a company incorporated in the British Virgin Islands ("**Pleasant Way**"), representing 100% of the issued and paid-up share capital of Pleasant Way. Pleasant Way is the legal and beneficial owner of one ordinary share in the share capital of Yitian Investments Pte. Ltd., a company incorporated in Singapore ("**Yitian**"), representing 100% of the total issued and paid-up capital of Yitian. Yitian in turn owns an equity interest of 24.81% in the registered capital of JNYS (the "**JNYS Interest**"), a company incorporated in the PRC.
- 1.2 As at the date hereof and prior to the completion of the Acquisition, the Company is the indirect holder of 75.19% of the equity interest in the registered capital of JNYS. Through the Acquisition, the Company shall (indirectly) acquire the remaining JNYS Interest. After the completion of the Acquisition, the Company shall beneficially hold 100% of the total equity interest in the registered capital of JNYS.
- 1.3 Pleasant Way is an investment holding company, whose sole asset is its 100% shareholding interest in Yitian. Yitian is an investment holding company, which sole asset is the JNYS Interest. JNYS is in the business of ship manufacturing, maintenance and breaking, as well as processing and manufacturing of large-scale steel structure products.
- 1.4 The completion ("**Completion**") of the Acquisition is subject to several conditions precedent, including the delivery of the Valuation Report referred to in paragraph 1.6.3. Completion is expected to take place within 14 days from the date of signing of the Agreement or such other date as the parties may agree.
- 1.5 General Rationale of the Transaction

JNYS currently owns the new shipyard (the "**New Yard**") located within the Jiangyin Economic Development District in Jingjiang City, Jiangsu, PRC. As disclosed in the Company's prospectus dated 9 April 2007, the New Yard is a critical part of the Company's plan to build larger vessels, offshore vessels and oil tankers, and the Company anticipates that these larger vessels, offshore vessels and oil tankers will be able to generate additional profits at better margins.

The Company currently beneficially holds 75.19% of the equity interest in the registered capital of JNYS. With the Acquisition, the Company will beneficially own the entire equity interest in the registered capital of JNYS and recognise 100% of the revenue generated by JNYS.

In addition, the Company will be in a position to take full advantage of the current income tax exemption enjoyed by JNYS for 2008 and 2009 and a 50% reduction in the applicable income tax rate for 2010, 2011 and 2012.

## 1.6 Consideration and Terms of Payment

1.6.1 The total consideration payable by the Company for the Acquisition is RMB2,626,932,420.00 (being S\$517,673,154.00 based on an exchange rate of S\$1.00:RMB5.0745) (the "**Consideration**"), consisting of:

- (a) 352,625,000 new ordinary shares in the capital of the Company (the "**Consideration Shares**") amounting to S\$301,273,984.38 based on a consideration value of S\$0.854375 per Consideration Share, being the average of the closing prices per share of the Company on each of the trading days for the eight trading days prior to the date of the Agreement;
- (b) S\$185,807,440.62 in cash (the "**Cash Consideration**"); and
- (c) S\$30,591,729.00 in cash (the "**Loan Consideration**") to be loaned to Yitian by the Company to enable Yitian to repay the Vendor the outstanding loan of the same amount.

1.6.2 Payment of the Consideration shall be as follows:

- (a) within seven days of Completion, the Company shall (i) pay S\$92,903,720.31 of the Cash Consideration to the Vendor and (ii) procure Yitian to pay the Loan Consideration to the Vendor;
- (b) within 6 to 12 months from Completion (such date to be determined by the Company), the Company shall allot and issue the Consideration Shares to the Vendor; and
- (c) within 180 days of Completion, the Company shall pay the remaining S\$92,903,720.31 to the Vendor.

1.6.3 The Company has commissioned an independent valuer, Sallmanns Far East Ltd ("**Sallmanns**") to undertake a business valuation of JNYS. Sallmanns issued a valuation report dated 25 March 2008 (the "**Valuation Report**") whereby JNYS is valued at RMB16,004,000,000.00 based on discounted cash flow and accordingly, the JNYS Interest is valued at RMB3,970,592,400.00. The Consideration of RMB2,626,932,420.00 therefore represents a discount of approximately 33.84% to the value of JNYS as stated in the Valuation Report.

1.6.4 The Vendor has given an undertaking to the Company that for a period of three years from the date of Completion, it shall not sell, transfer, grant an option over or otherwise dispose of or encumber the Consideration Shares.



## 2. Discloseable Transaction under Chapter 10 of the Listing Manual

For the purposes of Chapter 10 of the Listing Manual, the relative figures for the Transaction that were computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

- (a) Net Asset Value test under Rule 1006(a) is not applicable to the Transaction, being an acquisition of assets.
- (b) Net profits test under Rule 1006(b): The net profits test is not meaningful as JNYS incurred a loss of RMB41,936,582.00 for the financial year ended 31 December 2007 ("FY 2007"). As JNYS is a subsidiary of the Company, the loss of RMB41,936,582.00 has been duly reflected in the audited consolidated accounts of the Group for FY 2007.
- (c) Consideration test under Rule 1006(c): The Consideration of S\$517,673,154.00, as compared to the Company's market capitalisation of S\$3,086,336,695.00 as at 27 March 2008, being the market day preceding the date of the Agreement, is approximately 16.77%.
- (d) Equity securities test under Rule 1006(d): the number of shares issued by the Company as Consideration Shares is 352,625,000 shares, which is 10.68% of the number of equity securities in the Company in issue as at 27 March 2008, being the market day preceding the date of the Agreement.

## 3. Financial Effects

3.1 The maximum cash consideration payable by the Company (including the Loan Consideration) is S\$216,399,169.62. The Company will fund the Consideration using the proceeds raised from its initial public offering in April 2007.

3.2 The effect of the Transaction on the net tangible assets per share of the Company for FY 2007, assuming that the Transaction had been effected at the end of FY 2007, is set out below:

<b><u>Net Tangible Assets ("NTA")</u></b>	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
NTA as at 31 December 2007 (RMB'000)	3,793,119	5,321,934
Number of Shares as at 31 December 2007 ('000)	3,300,897	3,653,522
NTA per Share (RMB cents)	114.91	145.67

3.3 The effect of the Transaction on the earnings per share of the Company for FY 2007, assuming that the Transaction had been effected at the beginning of FY 2007, is set out below:

<b><u>Earnings per Share ("EPS")</u></b>	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
Profit attributable to shareholders of the Company ("Shareholders") in FY 2007 (RMB'000)	491,407	491,407
Weighted average number of Shares in FY 2007 ('000)	3,082,091	3,434,716
EPS (RMB cents) (Basic)	15.94	14.31

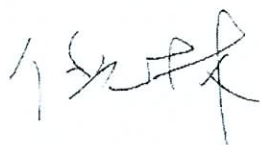
**4. Further Information**

None of the directors of the Company has any interest, whether direct or indirect, in the Transaction.

**5. Documents for Inspection**

A copy each of the Agreement and the Valuation Report is available for inspection during normal business hours at the Company's registered office at 80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624 for three months from the date of this announcement.

By order of the Board  
Ren Yuanlin (任元林)  
Executive Chairman  
28 March 2008



***UBS AG, acting through its business group, UBS Investment Bank, acted as the Global Co-ordinator and Sole Bookrunner for the initial public offering of the shares of the Company.***