



YANGZIJANG SHIPBUILDING (HOLDINGS) LTD.

(Company Registration No. 200517636Z)

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

INVESTMENT IN JIANGSU JINGJIANG YANGZI LABOR SUPPLY CO., LTD

The Directors of Yangzijiang Shipbuilding (Holdings) Ltd. ("YZJ" or "the Company") wish to announce that its subsidiaries, Jiangsu Yangzijiang Shipbuilding Co Ltd ("JYSCO") and Jiangsu NewYangzi Shipbuilding Co. Ltd ("JNYSCO") have entered into an agreement with Jiangyin Zezhou Investment Co Ltd ("JZICO") and Jiangyin Shunyuan Investment Co. Ltd ("JSICO"), to acquire 80% of JZICO's and 20% of JSICO's interests, respectively in Jiangsu Jingjiang Yangzi Labor Supply Co., Ltd, a company incorporated in the People's Republic of China ("JJYLS"), which is equivalent to a 100% stake in JJYLS for a consideration of RMB 1 million.

JJYLS was incorporated on 22 May 2006 with core business as labour subcontractor supplying labours to the shipbuilder. The paid up capital of JJYLS is RMB 1 million.

The total purchase consideration of RMB 1 million was agreed between the parties on a willing buyer willing seller basis and will be financed by internal resources. The transaction is not expected to have any material impact on the earnings per share and net tangible asset value per share of the YZJ Group for the year ending 31 December 2008.

The investment is expected to reduce the dependency on the labour subcontractor service from third parties for its shipbuilding activities and stabilise the labour supply thereby enhancing the production capacity and reducing its business cost when there is shortage of labour supply. The investment represents a strategic step taken by the Group in securing long term stable supply of labour to meet the production need of its shipbuilding business.

None of the Directors, controlling shareholders or substantial shareholders of the Company has an interest, direct or indirect, in the above transaction except for Mr. Xiang Jianjun is the legal representative of JSICO. This transaction is carried out solely base on shareholder's instruction. Mr Xiang had declared that he has no direct and indirect interest from the said acquisition.

By Order of the Board

Ren Yuanlin (任元林)
Executive Chairman
21 October 2008

Note: 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.