



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

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**ACQUISITION OF 100% BENEFICIAL INTEREST IN JIANGSU TONGZHOU MARINE EQUIPMENT CO., LTD (江苏通舟海洋工程装备有限公司) ("JTME") AND SHAREHOLDER'S LOAN OWING BY JTME (A DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL)**

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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 ICH Invest & Trade Ltd., a company incorporated in the British Virgin Islands (the "**Vendor**") to acquire (a) the 100% beneficial equity interest in the registered capital of JTME; and (b) a shareholder's loan in the sum of S\$52,044,015 owing to the Vendor by JTME (the "**Transferred Loan**") for an aggregate consideration of S\$114,000,000 (the "**Consideration**") (collectively, the "**Acquisition**").

**1. The Transaction**

- 1.1 The Vendor is the legal and beneficial owner of one (1) ordinary share (the "**Sale Share**") in the share capital of Baoling Investments Pte. Ltd. ("**Baoling**"), comprising the entire issued and paid-up share capital of Baoling.

Baoling is an investment holding company incorporated in Singapore, whose sole asset is its 100% equity interest in the registered capital of JTME. JTME is in the business of shipbuilding related activities, such as providing facility and production area for structural building in blocks, block outfitting and modularisation of outfitting into units.

- 1.2 The completion ("**Completion**") of the Acquisition is subject to several conditions precedent as set out in the Agreement, including but not limited to satisfactory due diligence on Baoling and JTME, and listing approval for any new ordinary shares forming part of the Consideration. Completion is expected to take place 15 days after the satisfaction of such conditions precedents or such other date as the parties may agree.

1.3 General Rationale of the Transaction

JTME owns shipbuilding facilities with a production area of 286,265 square metres. JTME is currently contracted to provide its production area and shipbuilding facilities to the Group for a 5-year period commencing from June 2008, for a rental of RMB140,000,000 (approximately S\$31,042,128) per annum (the "**Annual Rent**"). The Board is of the view that it is commercially beneficial to the Group to acquire JTME rather than to pay the Annual Rent, which is approximately 1/3 of the Consideration as this will enable the Group to retain the entire margin from shipbuilding activities within the Group.

**2. Consideration**

- 2.1 The Consideration payable by the Company for the Acquisition comprises the following:

- (a) 123,911,970 ordinary shares in the capital of the Company ("**Shares**") amounting to a sum of S\$61,955,985 at a consideration value of S\$0.50 per Share as consideration for the purchase of the Sale Share; and

- (b) 104,088,030 Shares amounting to a sum of S\$52,044,015 at a consideration value of S\$0.50 per Share as consideration for the purchase of the Transferred Loan

(collectively, the "**Consideration Shares**").

The consideration value of S\$0.50 per Share represents a premium of 19.10% to the weighted average price for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for today of the Shares, being S\$0.4198.

- 2.2 The Company shall satisfy the Consideration by issuing the Consideration Shares (such Consideration Shares being new Shares and/or treasury shares) to the Vendor on the date of Completion.
- 2.3 The Company has commissioned an independent valuer, Wuxi Zhong Zheng Property Appraisal Company (无锡中证资产评估事务所) (the "**Valuer**") to undertake a business valuation of JTME. The Valuer issued a valuation report dated 24 March 2008 (the "**Valuation Report**") whereby JTME is valued at RMB531,500,000 (approximately S\$117,849,224). The Consideration therefore represents a discount of approximately 3.27% to the value of JTME as stated in the Valuation Report.
- 2.4 The amount of the Consideration was arrived at based on a willing buyer willing seller basis, taking into account, amongst other factors, the valuation of JTME as set out in the Valuation Report.

### **3. 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 of RMB38,243,069 (approximately S\$8,479,616) attributable to JTME from 1 January 2008 to 30 September 2008 based on management accounts, as compared to the net profits of RMB1,184,685,000 (approximately S\$262,679,601) attributable to the Group for the same period based on the Group's latest announced consolidated accounts, is approximately 3.2%.
- (c) Consideration test under Rule 1006(c): The Consideration of S\$114,000,000, as compared to the Company's market capitalisation of S\$1,389,888,315 (based on the total number of issued Shares (excluding treasury shares)) as at 26 November 2008, being the market day preceding the date of the Agreement, is approximately 8.2%.
- (d) Equity securities test under Rule 1006(d): the number of Shares to be allotted and/or issued by the Company as Consideration Shares is 228,000,000 Shares, which is approximately 6.64% of the 3,431,823,000 Shares in issue (excluding treasury shares) as at 26 November 2008, being the market day preceding the date of the Agreement.

#### 4. **Financial Effects**

4.1 As mentioned above, the Company will pay for the Acquisition through the allotment and/or issuance of the Consideration Shares.

4.2 The effect of the Acquisition on the net tangible assets ("**NTA**") per Share of the Company for the financial year ended 31 December 2007 ("**FY2007**") is set out below, on the assumption that:

- (a) the Acquisition had been effected at the end of FY2007;
- (b) the Consideration Shares are to comprise 228,000,000 treasury shares;
- (c) the Company purchased 228,000,000 Shares from the open market at the price of S\$0.5293 per Share, which is the weighted average price of the Shares purchased by the Company from the open market from 1 January 2008 to the date hereof, on 31 December 2007; and
- (d) the Company issued the said 228,000,000 Shares to the Vendor on 31 December 2007 at S\$0.50 per Share to satisfy the Consideration to be paid by the Company for the Acquisition.

<b><u>NTA</u></b>	<b><u>Before the Acquisition</u></b>	<b><u>After the Acquisition</u></b>
NTA as at 31 December 2007 (RMB'000)	3,793,119	3,762,990
Number of Shares as at 31 December 2007 ('000)	3,300,897	3,300,897
NTA per Share (RMB cents)	114.91	114.00

4.3 The effect of the Acquisition on the NTA per Share of the Company for FY2007 is set out below, on the assumption that:

- (a) the Acquisition had been effected at the end of FY2007;
- (b) the Consideration Shares are to comprise 228,000,000 new ordinary shares; and
- (c) the Company allotted and issued the said 228,000,000 Shares to the Vendor on 31 December 2007 at S\$0.50 per Share to satisfy the Consideration to be paid by the Company for the Acquisition.

<b><u>NTA</u></b>	<b><u>Before the Acquisition</u></b>	<b><u>After the Acquisition</u></b>
NTA as at 31 December 2007 (RMB'000)	3,793,119	4,307,259
Number of Shares as at 31 December 2007 ('000)	3,300,897	3,528,897
NTA per Share (RMB cents)	114.91	122.06

4.4 Assuming that:

- (a) the Acquisition had been effected at the beginning of FY2007;
- (b) the Company purchased 228,000,000 Shares from the open market at the price of S\$0.5293 per Share, which is the weighted average price of the Shares purchased by the Company from the open market from 1 January 2008 to the date hereof, on 1 January 2007; and
- (c) the Company issued the said 228,000,000 Shares to the Vendor on 1 January 2007 at S\$0.50 per Share to satisfy the Consideration to be paid by the Company for the Acquisition,

the Acquisition has no material impact on the earnings per Share ("**EPS**") of the Company for FY2007.

4.5 Assuming that:

- (a) the Acquisition had been effected at the beginning of FY2007;
- (b) the Consideration Shares are to comprise 228,000,000 new ordinary shares; and
- (c) the Company allotted and issued the said 228,000,000 Shares to the Vendor on 1 January 2007 at S\$0.50 per Share to satisfy the Consideration to be paid by the Company for the Acquisition,

the Acquisition has no material impact on the EPS of the Company for FY2007.

**5. Further Information**

- 5.1 None of the directors or controlling shareholders of the Company has any interest, whether direct or indirect, in the Transaction.
- 5.2 No person is proposed to be appointed as a director of the Company in connection with the Acquisition.
- 5.3 Amounts denominated in RMB in this announcement have been converted into S\$ based on an exchange rate of S\$1.00:RMB4.51 for illustration purposes.

**6. 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 8 Cross Street #11-00 PWC Building Singapore 048424 for three (3) months from the date of this announcement.

By order of the Board  
Ren Yuanlin (任元林)  
Executive Chairman  
27<sup>th</sup> November 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.***