



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

**SUBSCRIPTION OF SHARES IN JIANGSU HUAYUAN METAL PROCESSING CO., LTD
(江苏华元金属加工有限公司) (“JHMPCO”)**

The Board of Directors (the “Board”) of Yangzijiang Shipbuilding (Holdings) Ltd. (“YZJ” or the “Company”) is pleased to announce that its wholly-owned subsidiary, Jiangsu New Yangzi Shipbuilding Co., Ltd (“JNYSCO”) has entered into an agreement with several strategic partners to incorporate a new company, Jiangsu Huayuan Metal Processing Co., Ltd. (江苏华元金属加工有限公司) (“JHMPCO”) in the People’s Republic of China with a registered paid-up capital of RMB 300,000,000. The amount to be invested by JNYSCO is RMB 60,000,000, which is equivalent to 20% equity interest in the capital of JHMPCO.

The core business of JHMPCO is primarily related to scrap steel processing, which would serve as a platform to enter into the environmental-friendly ship breaking business. The management of the Company expects this investment to contribute as a new business segment to complement the shipbuilding business. The construction is expected to be completed in the first half of 2010, and operations will commence in stages.

The above investment will not have any significant impact on the earnings per share and net tangible assets per share of the YZJ Group for the current financial year ending 31 December 2009.

Save for their respective shareholdings in the Company, none of the directors or controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the transaction contemplated herein.

By order of the Board

Ren Yuanlin (任元林)
Executive Chairman
3 November 2009