



YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(Company Registration No. 200517636Z)

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

ACQUISITION OF 51% EQUITY INTEREST IN JIANGSU CHANGBO SHIPYARD CO., LTD (江苏长博船厂有限公司) (“JCSC”)

The Board of Directors (the “Board”) of Yangzijiang Shipbuilding (Holdings) Ltd. (the “Company”) is pleased to announce that the Company through its wholly-owned subsidiary, Jiangsu Yangzijiang Shipbuilding Co. Ltd (“JYSCO”), has today acquired 51% of the equity interest in the capital of Jiangsu Changbo Shipyard Co., Ltd (江苏长博船厂有限公司) (“JCSC”). With the completion of the acquisition, JCSC would be renamed as “Jiangsu Yangzijiang Changbo Shipbuilding Co., Ltd.” (江苏扬子长博造船有限公司).

1. About Jiangsu Changbo Shipyard Co., Ltd

JCSC is a company incorporated in Jingjiang City on 1 August 2001, with a registered authorised share capital of RMB100,000,000. The principle activities of JCSC are shipbuilding, ship repair, production and processing of large scales steel structures.

JCSC owns shipbuilding facilities with a production area of 286,471 square metres. JCSC is currently contracted to deliver 20 vessels with a total value of USD338 million; deliveries of the vessels to the ship-owners are contracted to take place between the second half of 2010 and mid of 2012.

2. General Rationale of the Acquisition of JCSC

JCSC is located at the downstream of Yangtze River which is 5 km away from Jiangsu New Yangzi Shipbuilding Co., Ltd, another wholly-owned subsidiary of the Company and it is at the opposite side of the Yangtze River facing JYSCO .

The Company will potentially benefit from the additional 286,471 square metres yard space and 926 metres deep water coast line with JCSC’s production capacity of 400,000DWT. The Company will be able to bring its sound practices and execution strength to JCSC without incurring substantial administrative cost. The additional capacity can be used to serve as an alternative to construct small capacity vessels that are currently build in JYSCO.

3. The Investment and Details of the Agreements

- a. Pursuant to the Share Transfer Agreement and Capital Reserves Increase Agreement (the “Agreements”) entered into with Jiangsu Changbo Automobile Ferry Co. Ltd (the “Vendor”), Jiangsu Changbo Group Co., Ltd and Hong Kong Haitian International Trade Co., Ltd (last two as the “Remaining Equity Holders”), the Capital Reserves of JCSC would be increased by RMB156,120,00 to RMB241,934,600 immediately after the acquisition. The Company’s share in the increased equity capital of JCSC is RMB174,386,646. The total investment by the Company in JCSC was RMB156,120,000 (the “Investment”), of which RMB51,000,000 was paid to acquire 51% of equity interest of JCSC and RMB105,120,000 was to increase the capital reserves of JCSC.

- b. The amount of the investment was arrived on an arms' length negotiations and on a willing buyer, willing seller basis taking into account, *inter alia*, the net book value amount of RMB185,814,600 of JCSC for FY2009 audited by Grant Thornton International LLP, and the valuation report issued by an independent valuer, Suzhou Wanglong Assets Appraisal Co. Ltd (苏州万隆资产评估有限公司) on 4 June 2010.
- c. Under the agreement, there is a transition period of 6 months from the date of completion, which can be extended to 12 months at the discretion of the Company. At the end of the transition period, JCSC will commission an independent auditor to audit its Net Tangible Assets at 31 December 2010, or at 30 June 2011 if the transition period extended to 12 months (the "NTA"); the Remaining Equity Holders warrants and guarantees in respect of the NTA, that:
 - (a) If the NTA is less than RMB156,120,000, any shortfall should be made up by the Remaining Equity Holders in cash within Twenty (20) Business Days from the issuance of independent auditor report;
 - (b) If the NTA is RMB156,120,000 and above but less than RMB306,120,000 (including the made up of the NTA to RMB156,120,000 as per para 3c(a) above), the Remaining Equity Holders should make up any shortfall in cash in order to maintain their 49% equity interest in the capital of JCSC. Otherwise, the Company will be entitled to increase its equity interest of JCSC based on the percentage of the total investment cost by the Company over the NTA; and
 - (c) If there is a surplus from RMB306,120,000, i.e. the NTA above RMB306,120,000, all parties will be eligible to share the surplus based on their respective equity interest in the capital of JCSC.

4. Financial Effects

The investment will not have any significant impact on the earnings per share and net tangible assets per share of the Company for the current financial year ending 31 December 2010.

5. Further Information

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

BY ORDER OF THE BOARD

Ren Yuanlin
Executive Chairman

28 June 2010