



Yangzijiang Shipbuilding (Holdings) Ltd
4 Robinson Road
#04-01 House of Eden
Singapore 048543
(Co. Reg. No. 200517636Z)

MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang steams ahead with acquisition of another yard in China

- **Acquired 51% equity stake in the capital of Jiangsu Changbo Shipyard and then injected additional capital in it**
- **RMB156.1 million of total amount invested**
- **The acquired yard has an outstanding shipbuilding order book worth USD338 million comprising 20 vessels**

SINGAPORE – 28 June 2010 – Yangzijiang Shipbuilding (Holdings) Limited (“Yangzijiang” or “the Group” or “扬子江船业控股公司”), one of PRC’s leading and most enterprising shipbuilder listed on the SGX Main Board, is pleased to announce that it has through its wholly-owned subsidiary, Jiangsu Yangzijiang Shipbuilding Co. Ltd (“JYSCO”), 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”).

JCSC is located at the downstream of the Yangtze River which is 5 kilometres away from Yangzijiang’s wholly-owned subsidiary, Jiangsu New Yangzi Shipbuilding Co., Ltd, and it is at the opposite side of the Yangtze River facing JYSCO. JCSC is a company incorporated in Jingjiang City on 1 August 2001 with a registered authorised share capital of RMB100 million and its principle activities are shipbuilding, ship repair, production and processing of large scales steel structures. JCSC owns shipbuilding facilities with a production area of 286,471 square meters and has a 926 meters deep water coast line with production capacity of 400,000 DWT. JCSC currently has an outstanding order book worth USD338 million comprising 20 vessels that are contracted to be delivered between the second half of 2010 and mid of 2012.

Other than JCSC's order book and existing yard facilities, the rationale for this acquisition is also to consider this as an alternative option to construct small capacity vessels that are currently build in JYSCO. 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).

"This recent acquisition will be a value-add for the Yangzijiang Group based on the compelling price of acquisition and on the yard's strategic location and proximity to the Group's existing yards. Moreover, this new yard will serve as an alternative production area to our old yard in building small sized vessels. We are enthusiastic about integrating this yard in the Group and are confident that this will be done without incurring substantial costs."

Mr Ren Yuanlin (任元林), Executive Chairman, Yangzijiang

Pursuant to the agreements that Yangzijiang 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 RMB156.1 million to RMB241.9 million immediately after the acquisition. The total investment made by Yangzijiang in JCSC was RMB156.1 million (of which RMB51.0 million was paid to acquire 51% of equity interest of JCSC and RMB105.1 million was to increase the capital reserves of JCSC) and Yangzijiang's share in the increased equity capital of JCSC is RMB174.4 million. The amount of the investment was arrived on an arms' length negotiations on a willing buyer, willing seller basis taking into account, *inter alia*, the audited net book value amount of RMB185.8 million of JCSC for FY2009.

Also, under the agreement, there is a transition period of 6 months (from the date of the acquisition completion), which can be extended to 12 months. At the end of this transition period, JCSC is to commission an independent auditor to audit its net tangible assets at 31 December 2010 or 30 June 2011 (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 (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.

- (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.

The investment will not have any significant impact on the earnings per share and net tangible assets per share of Yangzijiang for FY2010.

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ABOUT YANGZIJIANG SHIPBUILDING (HOLDINGS) LIMITED (Bloomberg Ticker: YZJ SP)

Yangzijiang Shipbuilding (Holdings) Limited is the largest non-state-owned publicly listed shipbuilder by virtue of manufacturing capability in the PRC. The core business is shipbuilding of commercial vessels ranging from containerships, bulk cargo carriers and multi-purpose cargo vessels. The Group owns two shipbuilding bases across the Yangtze River, across each other.

Located in Jiangyin city in the Jiangsu province of PRC, the old shipyard spans approximately 800 metres of deep-water coastline and covers an area of approximately 200,000 square metres (excluding the coastal area).

The new shipyard is located in Jingjiang city and has 1,940 metres of deep-water coastline, a production area of 1,508,857 square metres and a dry dock that can accommodate two 100,000 DWT vessels and two half 100,000 DWT vessels at one time.

For more information please visit the website at: www.yzjship.com

Issued for and on behalf of Yangzijiang Shipbuilding (Holdings) Limited

By Financial PR Pte Ltd

For more information, please contact:

Romil SINGH / Kathy ZHANG

romil@financialpr.com.sg

Tel: (65) 6438 2990, Fax: (65) 6438 0064