



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

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**PROPOSED JOINT VENTURE WITH SHANGHAI BESTWAY MARINE ENGINEERING DESIGN CO., LTD. (上海佳豪船舶工程设计股份有限公司) AND JIANGSU ZHONGZHOU MARINE EQUIPMENT CO., LTD. (江苏中舟海洋工程装备有限公司)**

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The Board of Directors (the “Board”) is pleased to announce that the Company’s wholly-owned subsidiary, Jiangsu New Yangzi Shipbuilding Co., Ltd. (“JNYSCO”) has entered into a letter-of-intent with Shanghai Bestway Marine Engineering Design Co., Ltd. (上海佳豪船舶工程设计股份有限公司) (“BESTWAY”), amongst the top three largest ship designing companies in China and Jiangsu Zhongzhou Marine Equipment Co., Ltd. (江苏中舟海洋工程装备有限公司) (“JZME”) to set up a joint venture company to provide design services for shipbuilding of commercial vessels and marine engineering projects.

**1. Information of Co-investors**

Shanghai Bestway Marine Engineering Design Co., Ltd. is the first and only ship design and research company listed on Shenzhen Stock Exchange (stock code: 300008), one of the three largest ship designing companies in China.

Jiangsu Zhongzhou Marine Equipment Co., Ltd. is a company incorporated in Jingjiang City with a registered paid-up capital of RMB 240,000,000.00 and total assets of RMB 680,000,000. It is a wholly-owned subsidiary of Jinyang Investments Pte. Ltd., a company incorporated in Singapore.

The core business of JZME is related to block manufacturing and supplying of components and parts including hatch cover for commercial vessels ranging from containerships, bulk cargo carriers and multi-purpose cargo vessels. JZME has a production area of approximately 433,333 square metres and approximately 500 metres of deep-water coastline.

**2. Information of Joint Venture Company**

The proposed name of the new set up company is Shanghai Yangzijiang Ship and Marine Engineering R & D Center Co., Ltd. (上海扬子江船舶与海洋工程设计研发中心有限公司) (“SYSMERD”). The proposed registered paid-up capital of SYSMERD is RMB 30,000,000. JNYSCO will invest a total of RMB 12,000,000 to hold 40% equity interest in SYSMERD. The remaining of equity interests of SYSMERD will be held by BESTWAY and JZME at 45% and 15% respectively.

SYSMERD will carry on a business to provide design services for shipbuilding and marine engineering related projects which encompass of research and development,

design, management, technical negotiations and other related tasks including conceptual design, contract design, basic design, detailed design and production design.

It is proposed that following the incorporation of SYSMERD, SYSMERD will hold 60% of equity interest of Shanghai Henggao Ships Designing Co., Ltd. (上海恒高船舶设计有限公司) ("SHSD"), which is currently held by the Company.

### **3. General Rationale of Joint Venture**

- (a) The Board believes that the proposed joint venture with BESTWAY enable the Company to tap on BESTWAY's leading ship design expertise to consolidate and strengthen its current in-house design capabilities;
- (b) The Board believes that the proposed joint venture provide the Company an edge over other shipbuilders by offering both existing and prospective customers with high value adding turnkey ship-design services;
- (c) The Board believes that the proposed joint venture will enable the Company to tap on BESTWAY and JZME's clientele hence will have positive effect on the Company's earnings growth; and
- (d) The Board believes that the proposed joint venture will also provide alternative source of income from ship design to complement the shipbuilding business.

### **4. Financial Effects**

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 2010.

### **5. Further Information**

The letter of intent is subject to the approval from the board of BESTWAY to take effect.

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  
30 August 2010