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## YZJ acquires remaining 20% stake in shipyard for 650 million yuan

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YANGZIJANG SHIPBUILDING (YZJ) said on Wednesday it has entered into a sale and purchase agreement with Sanfu Shipbuilding Holdings to purchase the remaining 20 per cent stake in a shipyard for 650 million yuan (S\$137 million).

In an exchange filing, the mainboard-listed company said the purchase of the 20 per cent equity stake in Jiangsu Yangzi Xinfu Shipbuilding was fully funded by 100 million treasury shares of the group.

The transfer price for each consideration share of 6.5 yuan - equivalent to around S\$1.37 - represents a 0.63 per cent premium to the volume-weighted average share price of S\$1.3614 on Wednesday.

Prior to the transaction, YZJ and its wholly-owned subsidiary, Jiangsu New Yangzi Shipbuilding, collectively owned 80 per cent of the issued capital of the Xinfu Yard.

Post-transaction, YZJ said Xinfu Yard will become a fully-owned subsidiary of the group. It noted that the Xinfu Yard is involved in the business of shipbuilding, production and processing of large-scale steel structures and operates as one of the group's major shipyards.

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YZJ chief executive, Ren Letian, said: "The further acquisition signifies a huge investment in one of Yangzijiang's key business units and in our major shipyard. The acquisition is also expected to be earnings accretive for the group and is part of our continuous efforts to enhance long growth prospects and shareholder value."

On a pro forma basis, earnings per share for FY2020 would have been 66.76 fen after the proposed transaction, up from 64.39 fen before the proposed transaction.

YZJ shares closed unchanged on Wednesday at S\$1.36, before the announcement.

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