

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

ACQUISITION OF EQUITY INTEREST IN JIANGSU YANGZI XINFU SHIPBUILDING CO., LTD.

1. INTRODUCTION

The Board of Directors of Yangzijiang Shipbuilding (Holdings) Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 21 July 2021 entered into a sale and purchase agreement (the “**SPA**”) between the Company as the purchaser and Sanfu Shipbuilding Holdings Pte. Ltd. as the seller (the “**Seller**”) in respect of the acquisition of 20% of the issued share capital of Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd., a company incorporated in the People’s Republic of China (the “**Target Company**”), for an aggregate consideration of RMB650,000,000 (the “**Consideration**”) to be fully satisfied by the transfer of 100,000,000 treasury shares in the share capital of the Company (“**Consideration Shares**”) to the Seller (the “**Proposed Transaction**”).

2. CONSIDERATION FOR THE PROPOSED TRANSACTION

The Consideration of RMB650,000,000 was arrived at after arm’s length negotiations, on a “willing buyer willing seller” basis taking into account, amongst other factors, the net tangible assets value as at 30 June 2021 and the business prospects of the Target Company.

The completion of the Proposed Transaction is conditional on the transfer of 100,000,000 treasury shares as the Consideration Shares to the Seller. The Company will make the relevant announcement under Rule 704(28) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) as appropriate on the day of such transfer.

The transfer price for each Consideration Share of RMB6.5, equivalent to approximately S\$1.370 represents a 0.63% premium to the volume-weighted average share price of S\$1.3614 on 21 July 2021, being the full market day on which the SPA is signed.

The Consideration Shares when transferred, shall rank *pari passu* with the existing issued ordinary shares of the Company (the “**Shares**”), save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of transfer of the Consideration Shares. Following the transfer of the Consideration Shares, the total number of issued Shares in the capital of the Company (excluding treasury shares) will be increased from 3,848,516,000 to 3,948,516,000. The Consideration Shares will represent approximately 2.53% of the enlarged number of issued and paid-up Shares in the capital of the Company.

3. INFORMATION ON THE TARGET COMPANY AND RATIONALE FOR THE PROPOSED TRANSACTION

The Target Company is incorporated in the People’s Republic of China in November 2007 and has an issued and paid-up share capital of US\$90,000,000. The Company, together with the Group’s wholly-owned subsidiary, Jiangsu New Yangzi Shipbuilding Co., Ltd own 12.5% and 67.5% respectively of the issued share capital of the Target Company before the Proposed Transaction. The Company and Jiangsu New Yangzi Shipbuilding Co., Ltd will own the entire share capital of the Target Company after completion of the Proposed Transaction. The net tangible assets value of the Target Company as at 30 June 2021 is RMB3,847,668,164.

The Target Company is involved in the business of shipbuilding, production and processing of large-scale steel structures. The Proposed Transaction will allow the Group to have autonomy over the Target Company and potentially enabling the Target Company to fast track its pursuit of broader growth opportunities. The Proposed Transaction is expected to be EPS-accretive for the Group and is part of the Group’s efforts to enhance long term shareholder value.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

4.1. For illustrative purposes only, the pro forma financial effects of the Proposed Transaction on the Company set out below are based on (i) the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 (“**FY2020**”); and (ii) the announced unaudited financial information of the Group for the three-month period ended 31 March 2021 (“**1Q2021**”).

4.2. *Net tangible assets per Share*

The effects of the Proposed Transaction on the consolidated net tangible assets (“**NTA**”) per Share of the Company for FY2020, assuming that the Proposed Transaction had been effected at the end of FY2020 and 1Q2021 respectively, are summarised below:

NTA as at 31 December 2020	Before the Proposed Transaction	After the Proposed Transaction
NTA (RMB'000)	32,061,222	32,947,810
Number of issued Shares (excluding treasury shares)('000)	3,852,516	3,952,516
NTA per Share (RMB in cents)	832.22	833.59
NTA as at 31 March 2021		
NTA (RMB'000)	32,811,437	33,716,489
Number of issued Shares (excluding treasury shares)('000)	3,848,516	3,948,516
NTA per Share (RMB in cents)	852.57	853.90

4.3. *Earnings per Share*

The effects of the Proposed Transaction on the consolidated earnings per Share (“**EPS**”) of the Company for FY2020 and 1Q2021, assuming that the Proposed Transaction had been effected at the beginning of FY2020 and 1Q2021 respectively, are summarised below:

FY2020	Before the Proposed Transaction	After the Proposed Transaction
Net profit after tax attributable to equity holders (RMB'000)	2,516,404	2,675,817
Weighted average number of issued Shares ('000)	3,908,018	4,008,018
EPS (RMB in cents)	64.39	66.76
1Q2021		
Net profit after tax attributable to equity holders (RMB'000)	761,725	780,189
Weighted average number of issued Shares (excluding treasury shares)('000)	3,848,718	3,948,718
EPS (RMB in cents)	19.79	19.76

5. RELATIVE FIGURES UNDER RULE 1006

In compliance with Rule 1009 of the Listing Manual, the relative figures computed on the bases pursuant to Rules 1006 (a) to (d) of the Listing Manual in relation to the Proposed Transaction are as follows:

Rule 1006 (a) Net asset value of the assets to be disposed of, compared with the Group's net asset value	NA ⁽¹⁾
Rule 1006 (b) Net profits ⁽²⁾ of RMB18,464,000 attributable to the assets acquired, compared with the Group's net profits of RMB761,725,000 for the three months period ended 31 March 2021	2.42%
Rule 1006 (c) Aggregate consideration of RMB 650,000,000 compared with the Company's market capitalization ⁽³⁾ based on the total number of issued Shares (excluding treasury shares) as at 19 July 2021, being the last market day preceding the date of the SPA	2.60%
Rule 1006 (d) Number of treasury shares transferred as consideration for the acquisition (being the 100,000,000 Consideration Shares) compared with the number of equity securities previously in issue (excluding treasury shares) of 3,848,516,000 Shares	2.60%

(1) This is not applicable to an acquisition of assets

(2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) "Market capitalization" is determined by multiplying the number of Shares in issue (excluding treasury shares) by the weighted average price of such Shares transacted on 19 July 2021 (being the last market day preceding the date of the SPA).

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the aforesaid transactions. The Directors are also not aware of any substantial shareholders of the Company who have any interest, direct or indirect (other than their shareholdings in the Company), in the Proposed Transaction.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Group and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading, and where this announcement contains a profit forecast or guarantee, the Directors are satisfied that the profit forecast or guarantee has been stated after due and careful enquiry. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. FORWARD LOOKING STATEMENTS

The forward-looking statements in this announcement reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact the business activities of the Group. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 80 Robinson Road, #02-00, Singapore 068898 for a period of three (3) months from the date of this announcement.

**BY ORDER OF THE BOARD
YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

Ren Letian
Executive Chairman and Chief Executive Officer
21 July 2021