



YANGZIJIANG SHIPBLDG HLDGS LTD

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Yangzijiang launches IPO to raise \$601.7m

CHINA-BASED shipbuilder Yangzijiang Shipbuilding yesterday launched its initial public offering of 993,197,000 shares at a maximum offering price of \$0.95 per share.

The shares offered include 662,197,000 new shares - from which Yangzijiang hopes to raise net proceeds of \$601.7 million based on the maximum offering price - and 331 million vendor shares.

The issue size represents 30 per cent of Yangzijiang's enlarged share capital of 3,300,897,000 shares.

The IPO comprises an indicative public-offer tranche of 19,864,000 shares in Singapore and an international placement of 973,333,000 shares.

Yangzijiang plans to build a new shipyard of about 200,000 square metres in addition to its existing one in Jianyin city. It intends to use about \$180 million of net proceeds to help finance the construction and working capital of the new yard.

About \$51.8 million will be used to acquire an additional 25 per cent shareholding interest in Jiangsu New Yangzi Shipbuilding from SEAVI Advent Asia Investments.

A further \$7.6 million will be used to repay a loan undertaken by the group in connection with its restructuring exercise.

'Our listing will provide us with the funds to propel our company to the next stage of growth. We intend to leverage off our manufacturing capabilities and manufacturing capacity to expand our business by building larger vessels and diversifying into offshore vessels. At the same time, we will continue to enhance our build quality and delivery time in order to increase our market share,' said Ren Yuanlin, executive chairman of Yangzijiang.

For FY2006, the company recorded a revenue of 2.32 billion yuan (S\$453.8 million), and 454 million yuan in net profit.

'As at Dec 31, 2006, our aggregate order book amounted to approximately 21,578 million yuan for vessels to be completed and delivered between 2007 and 2010. In addition, we received new orders amounting to 15,206.7 million yuan as at Dec 31, 2006,' said Yangzijiang.

The offer closes on April 12 and trading of Yangzijiang's shares is expected to commence on April 18.