



**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

(Company Registration No. 200517636Z)

(Incorporated in the Republic of Singapore on 21 December 2005)

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

**PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	2007		The Group		2006		Variance	+ / (-)
	RMB'000	%	RMB'000	%	RMB'000	%		
Revenue	3,855,494	100%	2,324,984	100%	1,530,510	66%		
Cost of sales	<u>(2,970,241)</u>	77%	<u>(1,828,533)</u>	79%	(1,141,708)	62%		
Gross profit	885,253	23%	496,451	21%	388,802	78%		
Other income	223,189	-6%	80,747	-3%	142,442	57%		
Expenses								
- Administrative	(117,898)	3%	(47,795)	2%	(70,103)	147%		
- Finance	<u>(128)</u>	0.003%	<u>(10,538)</u>	0.453%	10,410	-99%		
Profit before income tax	990,416	26%	518,865	22%	471,551	91%		
Income tax expense	<u>(130,713)</u>	3%	<u>(65,650)</u>	3%	(65,063)	99%		
<b>Net profit</b>	<u>859,703</u>	22%	<u>453,215</u>	19%	406,488	90%		
<b>Attributable to:</b>								
Equity holders of the Company	869,509		454,344		415,165	91%		
Minority interest	<u>(9,806)</u>		<u>(1,129)</u>		(8,677)	769%		
	<u>859,703</u>		<u>453,215</u>		406,488	90%		

**1(a)(ii) Profit after taxation is arrived at:**

	<b>The Group</b>		
	<b>2007</b>	<b>2006</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>+ / (-)</b>
			<b>%</b>
<b>After charging:</b>			
Depreciation and amortization	37,613	17,865	110.5
Interest on borrowing	5,783	20,070	(71.2)
Foreign exchange gain	(5,655)	(9,532)	(40.7)
Finance costs	128	10,538	(98.8)
Foreign exchange loss	-	10,200	n.m
<b>After crediting:</b>			
Interest income	121,423	75,819	60.1
Gain on disposal of property, plant and equipment	38	166	(77.1)
Foreign exchange gain	25,228	-	n.m.
Gains on disposal of financial assets, available for sale	76,081	1,532	4913.1
n.m. denotes not meaningful			

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

<b>ASSETS</b>	<b>The Group</b>		<b>The Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	1,230,089	659,457	-	-
Land use rights	245,670	140,938	-	-
Intangible assets	536	168	-	-
Investment in an associate	54,600	-	-	-
Investment in a subsidiaries	-	-	788,071	275,471
Deferred income tax assets	8,610	5,130	-	-
Loan receivables from third parties	-	664,000	-	-
	<u>1,539,505</u>	<u>1,469,693</u>	<u>788,071</u>	<u>275,471</u>
<b>Current assets</b>				
Inventories	413,149	75,939	-	-
Due from customers for contract works	197,912	140,973	-	-
Accounts and bills receivable	598,979	294,214	-	-
Other receivables, prepayments, other current assets	4,151,415	2,229,642	1,182,331	-
Available for sale financial assets	134,970	300	-	-
Hold-to-maturity investments	30,000	-	-	-
Loan receivables from third parties	654,000	241,570	-	-
Restricted cash	2,362,621	447,625	-	-
Cash and cash equivalents	4,438,757	215,592	1,848,069	260
	<u>12,951,803</u>	<u>3,645,855</u>	<u>3,030,400</u>	<u>260</u>
<b>Total assets</b>	<u>14,491,308</u>	<u>5,115,548</u>	<u>3,818,471</u>	<u>275,731</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	3,337,159	110,037	3,301,942	74,820
Other reserves	(12,182)	(109,035)	-	-
Retained earnings	854,247	209,124	491,177	(230)
	<u>4,179,224</u>	<u>210,126</u>	<u>3,793,119</u>	<u>74,590</u>
<b>Minority interest</b>	128,348	257,553	-	-
<b>Total equity</b>	<u>4,307,572</u>	<u>467,679</u>	<u>3,793,119</u>	<u>74,590</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities	1,168	-	-	-
	<u>1,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Due to customers for contract works	8,055,848	3,137,945	-	-
Advances received on construction contracts	1,296,825	-	-	-
Accounts and bills payable	319,966	144,260	-	-
Accrual, other payables and other current liabilities	369,238	894,193	23,961	6,066
Current income tax liabilities	112,249	86,045	1,391	-
Borrowings	28,442	229,366	-	39,015
Convertible loans	-	155,814	-	155,814
Derivative financial instruments	-	246	-	246
	<u>10,182,568</u>	<u>4,647,869</u>	<u>25,352</u>	<u>201,141</u>
<b>Total liabilities</b>	<u>10,183,736</u>	<u>4,647,869</u>	<u>25,352</u>	<u>201,141</u>
<b>Total equity and liabilities</b>	<u>14,491,308</u>	<u>5,115,548</u>	<u>3,818,471</u>	<u>275,731</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 31/12/07</b>		<b>As at 31/12/06</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	28,442	-	39,015

**Amount repayable after one year**

<b>As at 31/12/07</b>		<b>As at 31/12/06</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**Details of any collateral**

NIL

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	2007 RMB'000	2006 RMB'000
<b>Cash flows from operating activities</b>		
Net profit	859,703	453,215
Adjustments for:		
Income Tax	130,713	65,650
Depreciation on property, plant and equipment	34,839	16,483
Amortisation of land use rights	2,684	1,382
Gain on disposal of property, plant and equipment	(38)	(166)
Amortisation of intangible asset	90	-
Loss on disposal of subsidiaries	-	268
Loss on disposal of associates	-	459
Gain on disposal of financial assets, available-for-sale	(76,081)	(1,532)
Excess of fair value of net assets over cost of acquisition	-	(602)
Interest expense	5,783	20,070
Interest income	(121,423)	(75,819)
Operating cash flow before working capital change	836,270	479,408
Change in operating assets and liabilities:		
Inventories	(337,210)	(16,638)
Due to customers for contract work	4,860,964	1,610,979
Trade and bills receivable, net	(304,765)	(37,964)
Other receivables, prepayment and other current assets	(1,840,944)	(774,003)
Trade and bills payable	175,706	4,570
Accruals, other payables and other current liabilities	771,870	244,653
Restricted cash	(1,914,996)	(98,451)
Cash generated from operations	2,246,895	1,412,554
Interest paid	(5,783)	(20,070)
Income taxes paid	(107,990)	(34,104)
<b>Net cash provided by operating activities</b>	<b>2,133,122</b>	<b>1,358,380</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of property, plant and equipment	292	3,643
Proceeds from sales of investment in associates	-	11,299
Proceeds from sales of financial assets, available-for-sale	144,717	23,093
Proceeds from sales of investment in subsidiaries	-	5,703
Interest received	121,423	75,819
Loans repayments received from third parties	251,570	635,280
Loans granted to third parties	(600,015)	(604,070)
Loans granted to associate	(80,828)	-
Purchase of property, plant and equipment	(605,725)	(399,446)
Acquisition of financial assets, hold to maturity	(30,000)	-
Acquisition of financial assets, available-for-sale	(168,636)	(16,842)
Acquisition of subsidiary in a reverse acquisition	-	(200,652)
Acquisition of new subsidiary, net of cash acquired	14,646	(163,238)
Acquisition of equity interest in existing subsidiary from minority shareholder	(265,080)	-
Acquisition of associates	(54,600)	-
Acquisition of land use right	(107,416)	(18,000)
Acquisition of intangible assets	(458)	(168)
<b>Net cash used in investing activities</b>	<b>(780,095)</b>	<b>(647,579)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	3,071,062	-
Proceeds from convertible loans	-	156,060
Proceeds from borrowings	28,442	139,015
Repayments of borrowings	(229,366)	(556,124)
Dividends paid to equity holders	-	(423,023)
<b>Net cash provided by /(used in) financing activities</b>	<b>2,870,138</b>	<b>(684,072)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,223,165</b>	<b>26,729</b>
Cash and cash equivalents at the beginning of the financial year	215,592	188,863
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4,438,757</b>	<b>215,592</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

## THE GROUP

	<u>Attributable to equity holders of the Company</u>			<u>Minority interest</u> RMB'000	<u>Total equity</u> RMB'000
	<u>Share capital</u> RMB'000	<u>Other reserves</u> RMB'000	<u>Retained earnings</u> RMB'000		
<b>Balance at 1 January 2006</b>	<b>110,000</b>	<b>44,801</b>	<b>533,419</b>	<b>5,716</b>	<b>693,936</b>
Fair value arising from available for sales	-	(286)	-	(142)	(428)
Net profit for the financial year	-	-	454,344	(1,129)	453,215
<b>Total recognized gains and (losses) for the financial year</b>		<b>(286)</b>	<b>454,344</b>	<b>(1,271)</b>	<b>452,787</b>
-					
Adjustment arising from reverse acquisition	37	(200,689)	-	-	(200,652)
Acquisition of subsidiary	-	-	-	258,597	258,597
Disposal of subsidiaries	-	-	-	(5,489)	(5,489)
Profit appropriation <sup>(3)</sup>	-	47,139	(47,139)	-	-
Interim dividends declared	-	-	(731,500)	-	(731,500)
<b>Balance at 31 December 2006</b>	<b>110,037</b>	<b>(109,035)</b>	<b>209,124</b>	<b>257,553</b>	<b>467,679</b>
<b>Balance at 1 January 2007</b>	<b>110,037</b>	<b>(109,035)</b>	<b>209,124</b>	<b>257,553</b>	<b>467,679</b>
Fair value arising from available for sales	-	3,152	-	350	3,502
Net profit for the financial year	-	-	869,509	(9,806)	859,703
<b>Total recognised gains and (losses) for the financial year -</b>		<b>3,152</b>	<b>869,509</b>	<b>(9,456)</b>	<b>863,205</b>
Issue of new shares	3,218,473	-	-	-	3,218,473
Conversion of convertible loans <sup>(1)</sup>	156,060	-	-	-	156,060
Shares issue expenses <sup>(2)</sup>	(147,411)	-	-	-	(147,411)
Acquisition of new subsidiaries	-	-	-	14,646	14,646
Acquisition of minority interest <sup>(3)</sup>	-	-	(130,685)	(134,395)	(265,080)
Profit appropriation <sup>(4)</sup>	-	93,701	(93,701)	-	-
<b>Balance at 31 December 2007</b>	<b>3,337,159</b>	<b>(12,182)</b>	<b>854,247</b>	<b>128,348</b>	<b>4,307,572</b>

## THE COMPANY

	<b>Attributable to equity holders of the Company</b>		
	<b>Share capital RMB'000</b>	<b>Retained earnings RMB'000</b>	<b>Total equity RMB'000</b>
<b>Balance at 1 January 2006 *</b>	-	-	-
Issue of new shares	74,820	-	<b>74,820</b>
Net profit for the financial year	-	(230)	(230)
<b>Total recognized gains and losses for the financial year</b>	<b>74,820</b>	<b>(230)</b>	<b>74,590</b>
<b>Balance at 31 December 2006</b>	<b>74,820</b>	<b>(230)</b>	<b>74,590</b>
<b>Balance at 1 January 2007</b>	74,820	(230)	74,590
Net profit for the financial year	-	491,407	491,407
<b>Total recognised gains and losses for the financial year</b>	<b>-</b>	<b>491,407</b>	<b>491,407</b>
Issue of new shares	3,218,473	-	3,218,473
Conversion of convertible loans <sup>(1)</sup>	156,060	-	156,060
Shares issue expense <sup>(2)</sup>	(147,411)	-	(147,411)
<b>Balance at 31 December 2007</b>	<b>3,301,942</b>	<b>491,177</b>	<b>3,793,119</b>

\* The Company was incorporated on 21 December 2005 with a paid up capital of S\$1

### Notes:

- (1) 128,700,000 ordinary shares were issued pursuant to the conversion of the convertible loan, resulting in an increase of RMB 156,060,000 in the share capital of the Company and a corresponding decrease of RMB 156,060,000 in total liabilities.
- (2) Shares issue expenses represent incremental costs which are directly attributable to the issuance of new shares pursuant to the IPO in Singapore, which was completed on 18 April 2007.
- (3) In June 2007, the Company acquired an additional equity interest of 25 percent in a subsidiary, Jiangsu New Yangzi Shipbuilding Co., Ltd, for a cash consideration of RMB 259 million from its minority interest shareholder. The difference between the consideration paid and the amount of adjustment to the minority interest is brought to retained earnings.
- (4) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the PRC where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the financial period ended 31 March 2007, the redeemable convertible loan were converted into an aggregate of 128,700,000 ordinary shares of the Company. On 17 April 2007, an aggregate of 662,197,000 ordinary shares of the Company were issued pursuant to its Initial Public Offering ("IPO") at SGD0.95 per share for cash. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited on 18 April 2007.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

There are no changes in accounting policies and methods of computation.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Refer to Note 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	28.2	18.1
Weighted average number of Ordinary shares	3,082,091,304	2,510,000,000
(b) On fully diluted basis	N.A.	N.A.



7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	The Group		The Company	
	31/12/07	31/12/06	31/12/07	31/12/06
Net asset value per ordinary share based on issued share capital (RMB cents)	126.61	8.36	114.91	2.97

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 3,300,897,000 (2006: 2,510,000,000).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### Overview

The Group reported a 66 percent increase in Revenue from RMB 2.3 billion in FY2006 to RMB 3.9 billion in FY2007. Correspondingly, the Group saw a 90 percent increase in net profit RMB 453 million in FY2006 to RMB 860 million in FY2007.

#### Revenue

Revenue, derived mainly from our core shipbuilding business, increase by 66 percent to RMB 3.9 billion in FY2007. In year 2007, 16 vessels were delivered and 15 vessels are under different stages of construction as of 31 Dec 2007.

Type of Vessel	Revenue	
	2007*	2006*
	RMB'000	RMB'000
Containerships		
2500TEU	2,150,827	713,957
1200TEU - 1850TEU	1,081,423	1,027,055
	3,232,249	1,741,012
Multi purpose cargo		
13000DWT	418,263	-
7600DWT	189,364	414,905
	607,627	414,905
Total	3,839,876	2,155,917

\* Note: Revenue from other businesses were not included.

84 percent of the Group's revenue was derived from building of Containerships, of which 56 percent is from the construction of 2,500 TEU capacity Containerships. This is in line with our increasing focus in building of larger sized vessels as compared to previous financial years.

### Operating cost

Our cost of sales comprises mainly steel purchases, other materials, imported equipment, sub-contract labour and outsourcing costs. Cost of sales increased by 62 percent from RMB1,829 million in FY2006 to RMB 2,970 million in FY2007 in tandem with higher shipbuilding activities. The Group managed to improve its Gross Margins from 21 percent in FY2006 to 23 percent in FY2007 due to higher efficiency and economies of scale.

### Operating Profit

Operating profit increased by 71 percent from RMB 449 million in FY2006 to RMB 767 million in FY 2007 mainly due to higher revenue.

### Other incomes

Other income mainly includes exchange gain, interest income and gain on disposal of available for sale financial assets, increased by 57 percent from RMB 81 million in FY2006 to RMB 223 million in FY2007. Increase in interest income is mainly due to the higher cash holdings of the Group as a result of higher prepayments from our customers and proceeds from the IPO.

### Expenses

Administrative expenses, including IPO and listing related expenses increased by RMB 70 million from RMB 48 million in FY2006 to RMB 118 million in FY2007, while finance expenses reduce from RMB 10.5 million in FY2006 to RMB 0.13 million in FY2007 due to repayment of bank borrowings.

## **Balance sheet review**

### Assets

Property, Plants & equipments increased from RMB 659 million in FY2006 to RMB 1230 million in FY2007. The increase is mainly due to the facilities expansion for Jiangsu New Yangzi shipbuilding Co., Ltd.

### Inventories

In line with higher volume of shipbuilding, inventories including metal steel, spare parts & others increased from RMB 76 million in FY2006 to RMB 413 million in FY2007.

### Account Receivable

Trade receivables increased by RMB 306 million from RMB 294 million in FY2006 to RMB 560 million in FY2007 as a result of higher sales.

### Other receivables, prepayments and other current assets

Other receivables and current assets increased by 59 percent from RMB 2,230 million in FY2006 to RMB 4,151 million in FY2007 due to increase in shipbuilding activities and need to secure certain inventory for the shipbuilding activities in the coming years.

### Restricted cash

The restricted cash held in designated bank accounts, which are predominantly the collateral for performance guarantees, increased from RMB 448 million in FY2006 to RMB 2,363 million in FY2007. This is the direct result of the Group securing more shipbuilding contracts for deliveries in the coming years.

### Liabilities

Current liabilities increased from RMB 4.6 billion in FY2006 to RMB 10.2 billion in FY2007 due mainly to advances received from customers for shipbuilding orders placed with the Group.

### Equity

The Group's total equity increased from RMB 468 million in FY2006 to RMB 4,308 million in FY2007. This is due to the Group's earnings for the current financial year and share capital increase from our IPO in April 2007.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group has a strong order book of approximately USD 7 billion as of 31 January 2008, of which USD 5 billion was secured in year 2007. The vessels in the order book are slated for completion and delivery till first half year of 2012.

In line with our business plan, we have completed the Phase 1 construction of our new shipyard, Jiangsu New Yangzi Co., Ltd in Jiangyin Economic Development District, Jingjiang City. This new yard has a 1,200 meters of deepwater coastline, a production area of 793,000 square meters and a dry dock that is able to accommodate two 100,000DWT vessels. In addition, our wholly-owned subsidiary, Jiangsu Runzhou Ship Accessories Co., Ltd in Jingjiang City, has acquired the land use right for 280,900 square meters in FY2007. This increase in production area and capacity would allow us to meet our production requirements and forward delivery schedules.

Bearing unforeseen circumstance, the Group remains confident of our business prospects for FY 2008.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? YES

Name of Dividend	Ordinary Share First and Final Dividend (Proposed)
Dividend Type	Cash
Dividend Rate	SGD 1.565 cents per ordinary share (one-tier tax)
Tax Rate	N.A.

**(b) Corresponding Period of the Immediately Preceding financial year**

Name of Dividend	N.A
Dividend Type	N.A.
Dividend Rate	N.A.
Tax Rate	N.A.

**(c) Date payable**

Details on payment of dividend and related books closure date will be announced in due course.

**(d) Books closure date**

To be announced in due course.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not Applicable.

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

(a) **Business segments**

For the financial year ended 31 December 2007	Shipbuilding	Entrusted loans and loans to third parties	Total
	RMB'000	RMB'000	RMB'000
Revenues	3,855,494	64,645	3,920,139
<b>Segment result</b>	885,253	64,645	949,898
Other income			56,778
Other gains -net			101,766
Unallocated costs			(117,897)
Finance costs-net			(128)
Profit before income tax			990,416
Income tax expense			(130,713)
<b>Net profit</b>			859,703
<b>Other segment items</b>			
Capital expenditure:			
- property, plant and equipment	605,725		605,725
- lease prepayments	50,400		50,400
- intangible assets	458		458
Depreciation	34,839		34,839
			-
			-
<b>Segment assets</b>	8,853,667	1,254,015	10,107,682
Unallocated assets			4,383,626
<b>Total assets</b>			14,491,308
<b>Segment liabilities</b>	10,164,173		10,164,173
Unallocated liabilities			19,563
<b>Total liabilities</b>			10,183,736
<b>For the financial year ended 31 December 2006</b>	<b>Shipbuilding</b>	<b>Entrusted loans and loans to third parties</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
Revenue	2,324,984	68,390	2,393,374
<b>Segment result</b>	496,451	68,390	564,841
Other income			7,429
Other gains/(losses) -net			15,128
Unallocated costs			(57,995)
Finance expense			(10,538)
Profit before income tax			518,865
Income tax expense			(65,650)
<b>Net profit</b>			453,215

**Other segment items**

Capital expenditure:

- property, plant and equipment	535,565		535,565
- lease prepayments	142,483		142,483
- intangible assets	168		168
Depreciation	17,086		17,086
Amortisation	1,545		1,545

<b>Segment assets</b>	3,864,004	905,570	4,769,574
Unallocated assets			345,974
<b>Total assets</b>			<b>5,115,548</b>

<b>Segment liabilities</b>	3,532,522		3,532,522
Unallocated liabilities			1,115,347
<b>Total liabilities</b>			<b>4,647,869</b>

**(b) Geographical segments**

The Group's sales, based on the customers' location, are mainly in countries such as Germany, China, Singapore and other European countries.

	Year ended 31 December	
	2007	2006
Germany	2,884,210	1,662,321
Other European Counties	626,119	260,748
China	345,165	169,068
Singapore	-	232,847
	<b>3,855,494</b>	<b>2,324,984</b>

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

See Paragraph 8 above.

**15. A breakdown of sales**

	2007 RMB'000	2006 RMB'000	Change %
(a) Sales reported for first half year	1,416,417	1,005,053	41%
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	334,549	205,500	63%
(c) Sales reported for second half year	2,439,077	1,319,931	85%
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	525,154	247,715	112%

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year SGD	Previous Full Year SGD
Ordinary	51,659,038	-
Total	51,659,038	-

The Directors proposed a first and final exempt (one-tier) ordinary dividend of SGD1.565 cents per ordinary share amounting to a total of SGD 51,659,038 based on current number of shares issued as of 31 December 2007 for the shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

**17. Interested Person Transactions**

None

**18. CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

We, Ren Yuanlin and Wang Dong, being two of the Directors of Yangzijiang Shipbuilding (Holdings) Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the company (the "Board") that, to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the year end 31 December 2007 to be false or misleading, in all material respects.

On behalf of the Board of Directors

Ren Yuanlin  
Executive Chairman

Wang Dong  
Executive Director

25 February 2008

UBS AG, acting through its business group, UBS Investment Bank, acted as the Global Co-ordinator and Sole Bookrunner for the initial public offering of the shares of the Company.