



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

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

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.

	The Group				The Group			
	2Q 2008	% of	2Q 2007	+ / (-) %	1H 2008	% of	1H2007	+ / (-) %
	RMB'000	Revenue	RMB'000	Variance	RMB'000	Revenue	RMB'000	Variance
Revenue	1,772,648	100%	507,328	249%	3,466,713	100%	1,416,417	145%
Cost of sales	(1,468,554)	83%	(351,555)	318%	(2,807,452)	81%	(1,076,097)	161%
Gross profit	<u>304,094</u>	17%	<u>155,773</u>	95%	<u>659,261</u>	19%	<u>340,320</u>	94%
Other income	34,190	2%	15,851	116%	74,359	2%	32,703	127%
Other gains, net	67,511	4%	17,875	278%	156,008	5%	41,266	278%
Expenses								
- Administrative	(45,892)	3%	(19,607)	134%	(80,478)	2%	(34,062)	136%
- Finance	(2,161)	0.1%	(2,713)	(20%)	(3,430)	0.1%	(4,796)	(28%)
Share of results of associated companies [#]	(827)	0%	-	n.m.	(827)	0%	-	n.m.
Profit before income tax	356,915	20%	167,179	113%	804,893	23%	375,431	114%
Income tax expense	(18,755)	1%	(18,044)	4%	(51,006)	1%	(40,882)	25%
Net profit	<u>338,160</u>	19%	<u>149,135</u>	127%	<u>753,887</u>	22%	<u>334,549</u>	125%
Attributable to:								
Equity holders of the Company	338,157		145,893		709,425		329,383	
Minority interest	3		3,242		44,462		5,166	
	<u>338,160</u>		<u>149,135</u>		<u>753,887</u>		<u>334,549</u>	

[#] Share of results of associated companies is after tax and minority interest

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

	The Group		
	2nd Quarter		
	2Q 2008	2Q 2007	+ / (-) %
	RMB'000	RMB'000	Variance
After charging:			
Depreciation and amortization	22,492	7,303	208%
Finance costs - Interest on borrowings	2,161	2,713	(20%)
After crediting:			
Interest income	34,190	15,851	116%
Foreign exchange related gains/(losses), net	42,575	18,283	133%
Gain on disposal of financial assets, available-for-sale	18,328	-	n.m.
Gain on disposal of financial assets, Held-to-maturity	1,760	-	n.m.

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.

	<u>The Group</u>		<u>The Company</u>	
	As at 30 Jun 2008 RMB'000	As at 31 Dec 2007 RMB'000	As at 30 Jun 2008 RMB'000	As at 31 Dec 2007 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,442,486	1,230,089	-	-
Land use rights	193,262	245,670	-	-
Intangible assets	479	536	-	-
Investment in an associate	134,601	54,600	39,600	-
Investment in subsidiaries	-	-	3,848,084	788,071
Deferred income tax assets	10,231	8,610	-	-
	<u>1,781,059</u>	<u>1,539,505</u>	<u>3,887,684</u>	<u>788,071</u>
Current assets				
Inventories	902,427	413,149	-	-
Due from customers for contract works	406,262	197,912	-	-
Accounts and bills receivable	17,606	598,979	-	-
Other receivables, prepayments and other current assets	5,098,543	4,151,415	759,809	1,182,331
Derivative financial instruments	177,471	-	-	-
Available for sale financial assets	116,425	104,970	-	-
Held-to-maturity Investment	20,000	30,000	-	-
Loan receivables from third parties	570,000	654,000	-	-
Restricted cash	4,116,734	2,362,621	-	303,108
Cash and cash equivalents	3,360,887	4,438,757	852,374	1,544,961
	<u>14,786,355</u>	<u>12,951,803</u>	<u>1,612,183</u>	<u>3,030,400</u>
Total assets	<u>16,567,414</u>	<u>14,491,308</u>	<u>5,499,867</u>	<u>3,818,471</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	3,337,159	3,337,159	3,301,942	3,301,942
Shares to be issued	1,528,815	-	1,528,815	-
Treasury Share	(74,731)	-	(74,731)	-
Other reserves	(2,222,617)	(12,182)	-	-
Retained earnings	1,224,135	854,247	239,520	491,177
	<u>3,792,761</u>	<u>4,179,224</u>	<u>4,995,546</u>	<u>3,793,119</u>
Minority interest	1,608	128,348	-	-
Total equity	<u>3,794,369</u>	<u>4,307,572</u>	<u>4,995,546</u>	<u>3,793,119</u>
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	1,781	1,168	-	-
	<u>1,781</u>	<u>1,168</u>	<u>-</u>	<u>-</u>
Current liabilities				
Due to customers for contract works	9,398,843	8,055,848	-	-
Advances received on construction contracts	1,666,557	1,296,825	-	-
Accounts and bills payable	433,716	319,966	-	-
Accrual, other payables and other current liabilities	782,895	369,238	503,633	23,961
Current income tax liabilities	77,816	112,249	688	1,391
Borrowings	411,437	28,442	-	-
	<u>12,771,264</u>	<u>10,182,568</u>	<u>504,321</u>	<u>25,352</u>
Total liabilities	<u>12,773,045</u>	<u>10,183,736</u>	<u>504,321</u>	<u>25,352</u>
Total equity and liabilities	<u>16,567,414</u>	<u>14,491,308</u>	<u>5,499,867</u>	<u>3,818,471</u>

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

Amount repayable in one year or less, or on demand

As at 30 June 08		As at 31 December 07	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
411,437	-	-	28,442

Amount repayable after one year

None.

Details of any collateral

The short-term borrowings from the bank are secured by the same amount of restricted cash in the designated bank accounts under the name of the Group as collateral deposits.

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

	The Group	
	2nd Quarter	
	2Q 2008	2Q 2007
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	338,160	149,135
Adjustments for:		
Income Tax	18,755	18,044
Share of results of associated companies	827	-
Depreciation on property, plant and equipment	21,460	6,410
Amortisation of land use rights	799	893
Amortisation of intangible asset	233	-
Gain on disposal of financial assets, available-for-sale	(18,328)	-
Gain on disposal of financial assets, held-to-maturity	(1,760)	-
Fair Value gain on forward currency contract not qualifying as hedge	-	(18,283)
Interest expense	2,161	2,713
Interest income	(34,190)	(15,851)
Currency translation difference	-	(81,206)
Operating cash flow before working capital change	<u>328,117</u>	<u>61,855</u>
Change in operating assets and liabilities:		
Inventories	(427,554)	(3,233)
Due from and to customers for contract work	346,371	921,085
Trade receivable, net	91,497	(276,042)
Other receivables, prepayment and other current assets	117,427	(999,322)
Trade and bills payable	(19,594)	59,316
Accruals, other payables and other current liabilities	290,140	186,078
Restricted cash	(448,919)	(51,882)
Cash generated from operations	<u>277,485</u>	<u>(102,145)</u>
Interest paid	(2,161)	(2,713)
Income taxes paid	(37,772)	(75,322)
Net cash provided by/ (used in) operating activities	<u>237,552</u>	<u>(180,180)</u>
Cash flows from investing activities		
Proceeds from sales of financial assets, available-for-sale	58,551	-
Proceeds from sales of financial assets, held-to-maturity	1,501,760	-
Interest received	34,190	15,851
Loans repayments received from third parties	60,000	170,570
Loans repayments received from an associate	80,828	-
Purchase of property, plant and equipment	(103,184)	(86,648)
Purchase of financial assets, held-to-maturity	(1,500,000)	-
Purchase of sales of financial assets, available-for-sale	(49,223)	-
Restricted cash set aside and committed in investing of financial assets	(1,500,000)	-
Acquisition of equity interest in existing subsidiary from minority shareholder	(624,309)	-
Capital injection to an associated company	(80,828)	-
Net cash (used in)/ provided by investing activities	<u>(2,122,215)</u>	<u>99,773</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	3,093,292
Repayments of borrowings	(50,669)	(240,259)
Repayment of related parties loans	-	(39,015)
Purchase of treasury shares	(74,731)	-
Dividends paid to equity holders	(265,920)	-
Net cash (used in)/ provided by financing activities	<u>(391,320)</u>	<u>2,814,018</u>
Net (decrease)/ increase in cash and cash equivalents	(2,275,983)	2,733,611
Cash and cash equivalents at the beginning of the period	<u>5,636,870</u>	<u>504,491</u>
Cash and cash equivalents at the end of the period	<u>3,360,887</u>	<u>3,238,102</u>

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

	Attributable to equity holders of the Company						Total equity RMB'000
	Share capital	Shares to be issued	Treasury Shares	Other reserves	Retained earnings	Minority interest	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 April 2008	3,337,159	-	-	26,719	1,188,674	164,292	4,716,844
Fair Value changes on available for sales	-	-	-	597	-	66	663
Fair Value changes on cash flow hedges	-	-	-	177,471	-	-	177,471
Net profit for 2nd quarter FY2008	-	-	-	-	338,157	3	338,160
Total Recognised gains for 2nd quarter FY2008	-	-	-	178,068	338,157	69	516,294
Acquisition of minority interest ⁽¹⁾	-	1,528,815	-	(2,464,180)	-	(162,753)	(1,098,118)
Dividend for FY2007 ⁽²⁾	-	-	-	-	(265,920)	-	(265,920)
Repurchase of shares and held as treasury shares ⁽³⁾	-	-	(74,731)	-	-	-	(74,731)
Profit appropriation ⁽⁴⁾	-	-	-	36,776	(36,776)	-	-
Balance at 30 June 2008	3,337,159	1,528,815	(74,731)	(2,222,617)	1,224,135	1,608	3,794,369
Balance at 1 April 2007	266,097	-	-	(91,844)	375,422	259,477	809,152
Net profit for 2nd quarter FY2007	-	-	-	-	145,893	3,242	149,135
Total Recognised gains for 2nd quarter FY2007	-	-	-	-	145,893	3,242	149,135
Issue of new shares	3,218,473	-	-	-	-	-	3,218,473
Shares issue expenses	(125,181)	-	-	-	-	-	(125,181)
Currency translation difference	-	-	-	(81,206)	-	-	(81,206)
Profit appropriation ⁽⁴⁾	-	-	-	14,421	(14,421)	-	-
Balance at 30 June 2007	3,359,389	-	-	(158,629)	506,894	262,719	3,970,373

THE COMPANY

	Attributable to equity holders of the Company				Total equity RMB'000
	Share capital	Shares to be issued	Treasury Shares	Retained earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 April 2008	3,301,942	-	-	491,177	3,793,119
Net profit for 2nd quarter FY2008	-	-	-	14,263	14,263
Total Recognised gains for 2nd quarter FY2008	-	-	-	14,263	14,263
Share to be issued ⁽¹⁾	-	1,528,815	-	-	1,528,815
Dividend for FY2007 ⁽²⁾	-	-	-	(265,920)	(265,920)
Repurchase of shares and held as treasury shares ⁽³⁾	-	-	(74,731)	-	(74,731)
Balance at 30 June 2008	3,301,942	1,528,815	(74,731)	239,520	4,995,546
Balance at 1 April 2007	230,880	-	-	(410)	230,470
Net profit for 2nd quarter FY2007	-	-	-	(1,597)	(1,597)
Total Recognised gains for 2nd quarter FY2007	-	-	-	(1,597)	(1,597)
Issue of new shares	3,218,473	-	-	-	3,218,473
Shares issue expenses	(125,181)	-	-	-	(125,181)
Currency translation difference	-	-	-	(81,206)	(81,206)
Balance at 30 June 2007	3,324,172	-	-	(83,213)	3,240,959

Notes:

- (1) On 28th March 2008, the Company entered into a sale and purchase agreement with Hengyuan Investment Limited to acquire 24.81% equity of Jiangsu New Yangzi Shipbuilding Co., Ltd ("JNYS");

The completion date of the acquisition was in April, 2008. Following the completion of the acquisition, JNYS is now a wholly-owned subsidiary of the Company.

The total consideration for the acquisition is RMB 2,626,932,420 which consist of the issuance of 352,625,000 new ordinary shares(the "Consideration Shares") in the capital of the Company and SGD216,399,169 (RMB1,098 million) in cash.

The Consideration Shares amounting to RMB 1,529 million are based on an estimated consideration value of SGD0.854375 per Share. The Company shall allot and issue the Consideration Shares within twelve months from the completion of the acquisition.

The difference between the total consideration and the amount of adjustment to the minority interest, RMB 2,464 million was brought to equity according to the Group's significant accounting policies documented in the Group's 2007 annual report and IPO prospectus.

- (2) This represents the first and final dividend of 1.565 Singapore cents per ordinary share in respect of the financial year ended 31 December 2007. The Company paid the dividend on 22nd May 2008.
- (3) Pursuant to the share purchase mandate ("Share Purchase Mandate") approved by shareholders on 25th April 2008, the Company purchased a total of 14,600,000 shares through on-market purchase during 2nd quarter 2008. The total amount paid to acquire shares pursuant to the Share Purchase Mandate was SGD14.6 million (RMB 74.7 million) and the shares are held as "Treasury Shares".
- (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.**

Share buy-backs

Pursuant to a share purchase mandate ("Share Purchase Mandate") approved by shareholders on 25th April 2008, the Company purchased a total of 14,600,000 shares by way of on-market purchase during the period April to June 2008. The total amount paid to acquire shares pursuant to the Share Purchase Mandate was SGD14.6 million and has been deducted from shareholders' equity. The repurchased shares are held as "Treasury Shares".

Issue of shares as consideration for acquisition

With the completion of the acquisition of 24.81% equity in JNYS during April 2008, the Company shall allot and issue 352,625,000 new ordinary shares to Hong Kong Hengyuan Investment Limited within twelve months from Completion, amounting to RMB 1,529 million based on an estimated consideration value of SGD 0.854375 per Share and is classified as "shares to be issued" within equity.

There were no other changes in company's share capital since end of the 1QFY2008 reported on.

There were no shares to be issued on conversion as at end of 30 June 2008 and 30 December 2007.

- 1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Number of Shares ('000)	
	As at 30 June 08	As at 31 December 07
Issued shares at the end of periods	3,300,897	3,300,897
Treasury shares at the end of periods	(14,600)	-
Net issued shares at the end of periods	3,286,297	3,300,897

- 1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Total number of treasury shares	Number of Shares ('000)	RMB '000
Balance as at 1 April 2008	-	-
Repurchased during 2nd Quarter FY2008	14,600	74,731
Balance as at 30 June 2008	14,600	74,731

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 audited or reviewed.

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 item 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:-**

	The Group	
	2QFY2008	2QFY2007
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	10.25	5.28
Weighted average number of Ordinary shares	3,299,606,041	2,772,953,638
(b) On fully diluted basis (RMB cents)	9.26	N.A.

The fully diluted earning per share is arrived at after taking into consideration the Consideration Shares to be issued within twelve months from the completion of the acquisition of JNYS.

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

	The Group		The Company	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
Net asset value per ordinary share (RMB cents) based on issued share capital excluding treasury shares	115.41	126.61	152.01	114.91

The Group's and the company's net assets value per ordinary share as at 30 June 2008 and 31 December 2007 have been computed based on the share capital of 3,286,297,000 shares and 3,300,897,000 shares respectively.

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.**

Income statement review

Revenue

Group's revenue rose 249 percent to RMB1,773 million in 2Q FY2008 from RMB 507 million in 2Q FY2007 on the

back of increased productivity and greater contribution from JNYS. During the second quarter, 6 vessels were delivered, as compared to 5 vessels delivered in the first quarter 2008. As at end of the second quarter, 19 vessels were under different stages of construction.

Type of Vessel	Revenue	
	2Q 2008 RMB'000	2Q 2007 RMB'000
<u>Containerships</u>		
2,500TEU	1,163,318	187,452
1,350TEU	269,065	245,868
4,250TEU	53,656	
	1,486,039	433,320
<u>Multi purpose cargo</u>		
7,600DWT	157,562	29,187
13,000DWT	44,985	44,821
92,500DWT	69,710	-
	272,257	74,008
Total *	1,758,296	507,328

* Note: Revenue from other businesses were not included.

Cost of Sales

Our cost of sales comprises mainly steel, shipbuilding materials, imported equipment, labor and outsourcing costs. It increased by 9.7 percent to RMB1,468 million in 2QFY2008 from RMB1,339 million in 1QFY2008 as a result of upward pressure on material prices and our higher volume of shipbuilding activities.

Gross Profit

Gross profit margin rose RMB 148 million to RMB 304 million in 2QFY2008 from RMB 156 million in 2QFY2007. Gross profit margin was affected by increase in steel prices and the weakening of the USD against RMB, which was mitigated by our hedging activities.

Other gains

Other gains mainly include exchange gains, gain on disposal of financial assets, available-for-sales and held-to-maturity, rose 278 percent to RMB 67.5 million in 2QFY2008 from RMB 17.9 million in 2QFY2007. Increase in other gains was due to the Group's efforts in managing its currency risks, and the effectiveness of the Group treasury function. The exchange gain is resulted from the Group receiving advance payment in USD from customers and immediately converting them into RMB. As the corresponding revenue is only recognized in a later period based on the percentage of completion, and due to the weakening of the USD against RMB, this has given rise to the above exchange gain.

Expenses

Administrative expenses include RMB 10.3 million donations to Sichuan earthquake in May 2008. The Group managed to control the cost of inflation and maintain administrative expenses (excluding donation) at RMB 35.5 million (First quarter: RMB 34.6 million).

Share of results of associated companies

It represents share of results from Group's associated companies, Shanghai Hengao Ships Designing Co, Ltd and Yangzhou Huangzhou Deck Material Co., Ltd ("YHDM"), where its operation started in 2nd quarter 2008.

Corporate Income Tax

Our effective tax rate further decreased to 5.3 percent in the 2nd quarter 2008 from 7.2 percent in 1st quarter 2008 was in line with greater profit contribution from JNYS. JNYS is currently enjoying tax exemption on income under PRC's preferential tax treatment scheme for foreign owned enterprises.

Balance sheet review

Non-current Assets

"Property, Plants & equipments" increased to RMB1,442 million as at 30 June 2008 from RMB 1,361 million as at 31 March 2008, mainly due to our continual expansion in JNYS.

During the 2nd quarter 2008, the Group converted its loan of RMB 80 million to YHDM into equity interest, it represented as an increase in "investment in an associate" to RMB 134.6 million from RMB 54.6 million in 1QFY2008.

Current Assets

Inventories, including raw materials such as steel, spare parts & other shipbuilding material, rose to RMB 902 million as at 30 June 2008 from RMB 475 million as at 31 March 2008 in anticipation of higher production activities in the coming months.

Derivative financial instruments stood at RMB 177 million as at 30 June 2008 as a result of our Group entering into foreign currency forward contracts to match our forward receipts for 2008 to mitigate further USD depreciation against RMB.

Current Liabilities

Accrual, other payables and other current liabilities increased by RMB 577 million to RMB 783 million as at 30 June 2008 from RMB 206 million as at 31 March 2008 mainly due to outstanding cash consideration of SGD 93 million payable to the vendor for the acquisition of JNYS.

Equity

The change of "Total equity attributable to equity holders" to RMB 3,793 million as at 30 June 2008 from RMB 4,553 million as at 31 March 2008 was mainly a result of profits earned, increase in fair value reserve in the 2nd quarter 2008, and RMB 2,464 million brought to equity for the different between the total consideration and the amount of adjustment to the minority interest that has been mentioned in note (1) to item 1(d)(i) on page 7.

The increase in other reserve was also due to the changes in the fair value of outstanding currency forward contracts consequent to a rise in RMB against USD. The corresponding amount is classified as "Derivative financial instruments" within current asset.

Cash flows review

In 2nd quarter 2008, the Group recorded a net decrease in cash and cash equivalents of RMB 2,276 million mainly due to the following events:-

1. The outflow for the cash consideration of the acquisition of equity interest in JNYS, amounting to RMB 624 million;
2. The expected outflow for "Restricted cash set aside and committed in investing of financial assets" due to RMB1,500 million placed in designated account under the name of the Group for the investing in capital guaranteed treasury products in the next quarter.
3. The cash dividend of RMB 265 million with the approval received on 25th April 2008 from shareholders;

Movements of "Proceeds from sales of financial assets, available-for-sale", and "Purchase of sales of financial assets, available-for-sale", were in relation to the Group's short-term investments in various government bonds and bank bonds.

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

The 2QFY2008 financial results are in line with the prospect statement made in 1QFY2008 announcement dated 28th April 2008.

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 7.4 billion as of 30 June 2008, of which USD 809 million was secured between January to June 2008. Due to the Group's policy of requiring upfront payment of no less than 20% together with banker's guarantee for further 20% payment from customers before effecting the orders, the Group does not expect any cancellations in respect of its existing contracts.

ahead of the contractual delivery deadlines. The Group expects to achieve on-time delivery for the remaining scheduled deliveries in 2008.

To offset the effects of rising cost on the profit margins, we continue to focus on improving production efficiencies, thereby reducing the production costs and allowing additional unscheduled constructions. As such, the Group remains optimistic of its prospects and performance.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Whether the dividend is before tax, net of tax or tax exempt

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the period under review.

13. Interested Person Transactions

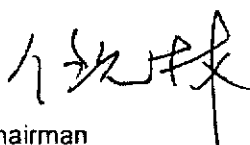
None

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

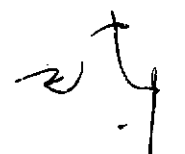
We, Ren Yuanlin and Wang Dong, being two of the Directors of Yangzijiang Shipbuilding (Holdings) Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the company (the "Board") that, to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the period ended 30 June 2008 to be false or misleading, in all material respects.

On behalf of the Board of Directors

Ren Yuanlin
Executive Chairman



Wang Dong
Executive Director



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.