



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 FINANCIAL YEAR ENDED 31 DECEMBER 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 | | | |
|--|--------------------|-------------|-----------------|------------------|------------------|-------------|------------------|------------------|
| | 4th Quarter | | | | Full year | | | |
| | 4Q 2008 | % of | 4Q 2007 | + / (-) % | 2008 | % of | 2007 | + / (-) % |
| RMB'000 | Revenue | RMB'000 | Variance | RMB'000 | Revenue | RMB'000 | Variance | |
| Revenue | 1,868,488 | 100% | 1,555,035 | 20% | 7,359,096 | 100% | 3,855,494 | 91% |
| Cost of sales | (1,630,380) | -87% | (1,245,413) | 31% | (5,996,084) | -81% | (2,970,241) | 102% |
| Gross profit | <u>238,108</u> | 13% | <u>309,622</u> | -23% | <u>1,363,012</u> | 19% | <u>885,253</u> | 54% |
| Other income | 122,012 | 7% | 33,490 | 264% | 232,431 | 3% | 121,423 | 91% |
| Other gains, net | 73,155 | 4% | 31,729 | 131% | 274,239 | 4% | 101,766 | 169% |
| Expenses | | | | | | | | |
| - Administrative | (38,032) | -2% | (21,435) | 77% | (160,421) | -2% | (117,898) | 36% |
| - Finance | 4,934 | 0.3% | 5,410 | -9% | (6,643) | -0.1% | (128) | 5090% |
| Share of results of associated companies # | 112 | 0.01% | - | n.m. | (2,754) | -0.04% | - | n.m. |
| Profit before income tax | <u>400,289</u> | 21% | <u>358,816</u> | 12% | <u>1,699,864</u> | 23% | <u>990,416</u> | 72% |
| Income tax expense | <u>(5,220)</u> | 0% | <u>(62,521)</u> | -92% | <u>(75,649)</u> | -1% | <u>(130,713)</u> | -42% |
| Net profit | <u>395,069</u> | 21% | <u>296,295</u> | 33% | <u>1,624,215</u> | 22% | <u>859,703</u> | 89% |
| Attributable to: | | | | | | | | |
| Equity holders of the Company | 395,075 | 21.1% | 315,411 | | 1,579,760 | 21.5% | 869,509 | |
| Minority interest | (6) | | (19,116) | | 44,455 | | (9,806) | |
| | <u>395,069</u> | | <u>296,295</u> | | <u>1,624,215</u> | | <u>859,703</u> | |

Share of results of associated companies is after tax and minority interest

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

| | The Group | | |
|--|------------------|----------------|-----------------|
| | 2008 | 2007 | Variance |
| | RMB'000 | RMB'000 | % |
| After charging: | | | |
| Depreciation and amortization | 89,272 | 37,613 | 137% |
| Interest on bank borrowings | 27,009 | 5,783 | 367% |
| Currency translation gains - net | (20,366) | (5,655) | 260% |
| Finance costs | 6,643 | 128 | 5090% |
| Loss on disposal of property, plant and equipment | 417 | - | n.m. |
| After crediting: | | | |
| Interest income | 232,431 | 121,423 | 91% |
| Foreign exchange related gains/(losses), net | 200,492 | 25,228 | 645% |
| Gain on disposal of financial assets, available-for-sale | 45,549 | 76,081 | n.m. |
| Gain on disposal of property, plant and equipment | - | 38 | n.m. |
| Gain on disposal of scrap raw materials | 16,010 | - | n.m. |
| Gain on disposal of associated companies | 1,856 | - | 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 31 Dec 2008 RMB'000 | As at 31 Dec 2007 RMB'000 | As at 31 Dec 2008 RMB'000 | As at 31 Dec 2007 RMB'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 1,961,583 | 1,230,089 | - | - |
| Land use rights | 390,363 | 245,670 | - | - |
| Intangible assets | 411 | 536 | - | - |
| Investment in an associate | 14,102 | 54,600 | - | - |
| Investment in subsidiaries | - | - | 4,526,196 | 788,071 |
| Derivative financial instruments | 5,351 | - | 5,351 | - |
| Deferred income tax assets | 46,310 | 8,610 | - | - |
| | 2,418,120 | 1,539,505 | 4,531,547 | 788,071 |
| Current assets | | | | |
| Inventories | 1,474,367 | 413,149 | - | - |
| Due from customers for contract works | 130,002 | 197,912 | - | - |
| Accounts and bills receivable | 600,029 | 598,979 | - | - |
| Other receivables, prepayments and other current assets | 4,784,757 | 4,151,415 | 935,931 | 1,182,331 |
| Derivative financial instruments | 128,355 | - | 60,657 | - |
| Financial assets, through profit and loss | 1,213,592 | - | - | - |
| Financial assets, available-for-sale | 9,300 | 104,970 | - | - |
| Financial assets, held-to-maturity | 1,782,049 | 30,000 | - | - |
| Loans receivables from third parties | - | 654,000 | - | - |
| Restricted cash | 2,619,030 | 2,362,621 | - | 303,108 |
| Cash and cash equivalents | 3,060,384 | 4,438,757 | 4,073 | 1,544,961 |
| | 15,801,865 | 12,951,803 | 1,000,661 | 3,030,400 |
| Total assets | 18,219,985 | 14,491,308 | 5,532,208 | 3,818,471 |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 4,980,010 | 3,337,159 | 4,944,793 | 3,301,942 |
| Treasury shares | (610) | - | (610) | - |
| Other reserves | (2,624,355) | (12,182) | (40,192) | - |
| Retained earnings | 1,960,393 | 854,247 | 513,284 | 491,177 |
| | 4,315,438 | 4,179,224 | 5,417,275 | 3,793,119 |
| Minority interest | - | 128,348 | - | - |
| Total equity | 4,315,438 | 4,307,572 | 5,417,275 | 3,793,119 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Deferred income tax liabilities | 963 | 1,168 | 963 | - |
| Derivative financial instruments | 123,114 | - | 5,351 | - |
| | 124,077 | 1,168 | 6,314 | - |
| Current liabilities | | | | |
| Due to customers for contract works | 11,726,053 | 8,055,848 | - | - |
| Advances received on construction contracts | 397,310 | 1,296,825 | - | - |
| Accounts and bills payable | 685,946 | 319,966 | - | - |
| Accrual, other payables and other current liabilities | 348,441 | 369,238 | 36,326 | 23,961 |
| Current income tax liabilities | 61,477 | 112,249 | 4,802 | - |
| Deferred income tax liabilities | 11,999 | - | 10,918 | 1,391 |
| Derivative financial instruments | 59,261 | - | 56,573 | - |
| Borrowings | 489,983 | 28,442 | - | - |
| | 13,780,470 | 10,182,568 | 108,619 | 25,352 |
| Total liabilities | 13,904,547 | 10,183,736 | 114,933 | 25,352 |
| Total equity and liabilities | 18,219,985 | 14,491,308 | 5,532,208 | 3,818,471 |

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

Amount repayable in one year or less, or on demand

| As at 31 December 2008 | | As at 31 December 2007 | |
|-----------------------------------|------------------|-----------------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 489,983 | - | - | 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 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 | |
|--|------------------|------------------|
| | 2008 | 2007 |
| | RMB '000 | RMB '000 |
| Cash flows from operating activities | | |
| Net profit | 1,624,215 | 859,703 |
| Adjustment for: | | |
| Income Tax | 75,649 | 130,713 |
| Depreciation on property, plant and equipment | 85,144 | 34,839 |
| Amortisation of land use rights | 4,003 | 2,684 |
| Loss/(gain) on disposal of property, plant and equipment | 417 | (38) |
| Amortisation of intangible asset | 125 | 90 |
| Gain on disposal of an associated company | (1,856) | - |
| Gain on disposal of financial assets, available-for-sale | (45,549) | (76,081) |
| Fair value gain on financial assets, at fair value through profit and loss | (23,592) | - |
| Interest expense | 27,009 | 5,783 |
| Unrealised translation gain | (15,524) | - |
| Interest income | (232,431) | (121,423) |
| Fair value change on derivative financial instruments | 34,894 | - |
| Share of loss of associated companies | 2,754 | - |
| Change in working capital, net effects from acquisition and disposal of subsidiaries | 1,535,258 | 836,270 |
| Inventories | (1,061,218) | (337,210) |
| Due from/(to) customers for contract work | 3,738,115 | 4,860,964 |
| Advances received on constructions contracts | (899,515) | - |
| Accounts and bills receivable, net | (1,050) | (304,765) |
| Other receivables, prepayment and other current assets | (619,600) | (1,840,944) |
| Accounts and bills payable | 365,980 | 175,706 |
| Accruals, other payables and other current liabilities | (45,149) | 771,869 |
| Restricted cash | (256,409) | (1,914,996) |
| Cash generated from operations | 2,756,412 | 2,246,894 |
| Interest paid | (27,009) | (5,783) |
| Income taxes paid | (152,327) | (107,989) |
| Net cash provided by operating activities | 2,577,076 | 2,133,122 |
| Cash flows from investing activities | | |
| Proceeds from sales of property, plant and equipment | - | 292 |
| Proceeds from sales of investment in associates | 120,000 | - |
| Proceeds from sales of financial assets, available-for-sale | 216,014 | 144,717 |
| Proceeds from sales of investment in subsidiaries | 51,439 | - |
| Proceeds from disposal of equity interests in a subsidiary | 6,000 | - |
| Proceeds from redemption of financial assets, held to maturity upon maturity | 12,272,070 | - |
| Interest received | 186,640 | 121,423 |
| Loans repayments received from third parties | 654,000 | 251,570 |
| Loans granted to associated companies | - | (80,828) |
| Purchase of property, plant and equipment | (464,498) | (605,725) |
| Acquisition of financial assets, held to maturity | (13,992,070) | (30,000) |
| Acquisition of financial assets, available-for-sale | (77,773) | (168,636) |
| Acquisition of financial assets, at fair value through profit and loss | (1,190,000) | - |
| Acquisition of new subsidiary, net of cash acquired | - | 14,646 |
| Acquisition of equity interest in subsidiary from minority shareholder | (1,120,135) | (265,080) |
| Acquisition of associated companies | - | (54,600) |
| Acquisition of land use right | - | (107,416) |
| Acquisition of intangible assets | - | (458) |
| Capital injection in an associated company | (80,400) | - |
| Net cash used in investing activities | (3,418,713) | (780,095) |
| Cash flows from financing activities | | |
| Proceeds from issuance of ordinary shares | - | 3,071,062 |
| Proceeds from borrowings | 700,705 | 28,442 |
| Repayments of borrowings | (223,640) | (229,366) |
| Purchase of treasury shares | (582,775) | - |
| Dividends paid to equity holders | (431,026) | - |
| Net cash (used)/generated from financing activities | (536,736) | 2,870,138 |
| Net (decrease)/increase in cash and cash equivalents | (1,378,373) | 4,223,165 |
| Cash and cash equivalents at the beginning of the financial year | 4,438,757 | 215,592 |
| Cash and cash equivalents at the end of the financial year | 3,060,384 | 4,438,757 |

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.

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| | Attributable to equity holders of the Group | | | | | Total equity RMB'000 |
|---|---|-----------------|----------------|-------------------|--------------------|-------------------------|
| | Share capital | Treasury shares | Other reserves | Retained earnings | Minority interests | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| Balance at 1 January 2008 | 3,337,159 | - | (12,182) | 854,247 | 128,348 | 4,307,572 |
| Fair value changes on financial assets, available for sale | - | - | (2,977) | - | (350) | (3,327) |
| Fair value changes on cash flow hedges | - | - | (13,775) | - | - | (13,775) |
| Net profit for the financial year | - | - | - | 1,579,760 | 44,455 | 1,624,215 |
| Total recognised gains and losses for the financial year | - | - | (16,752) | 1,579,760 | 44,105 | 1,607,113 |
| Issue of new shares ⁽²⁾ | 1,642,851 | - | - | - | - | 1,642,851 |
| Dividends ⁽⁹⁾ | - | - | - | (265,920) | - | (265,920) |
| Interim Dividends ⁽⁶⁾ | - | - | - | (165,106) | - | (165,106) |
| Purchase of treasury shares ⁽³⁾ | - | (582,775) | - | - | - | (582,775) |
| Treasury shares used for acquisition of 100% interest in JTME ⁽⁴⁾ | - | 582,165 | - | - | - | 582,165 |
| Capital reserves arising from using treasury shares to pay for acquisition ⁽⁴⁾ | - | - | (40,192) | - | - | (40,192) |
| Disposal of equity interest in existing subsidiary | - | - | 1,000 | - | 5,000 | 6,000 |
| Disposal of subsidiaries - JZME ⁽¹⁾ | - | - | - | - | (13,633) | (13,633) |
| Acquisition of minority interests - 10% interests in JTY | - | - | 1,070 | - | (1,070) | - |
| Acquisition of minority interests - 24.81% interests in JNYS in 2008 ⁽²⁾ | - | - | (2,599,887) | - | (162,750) | (2,762,637) |
| Acquisition of minority interests - 25% interests in JNYS in 2007 | - | - | (130,685) | 130,685 | - | - |
| Profit appropriation ⁽⁷⁾ | - | - | 173,273 | (173,273) | - | - |
| Balance at 31 December 2008 | 4,980,010 | (610) | (2,624,355) | 1,960,393 | - | 4,315,438 |
| Balance at 1 January 2007 | 110,037 | - | (109,035) | 209,124 | 257,553 | 467,679 |
| Fair value changes on financial assets, available for sale | - | - | 3,152 | - | 350 | 3,502 |
| Net profit for the financial year | - | - | - | 869,509 | (9,806) | 859,703 |
| Total recognised gains and losses for the financial year | - | - | 3,152 | 869,509 | (9,456) | 863,205 |
| Issue of new shares | 3,218,473 | - | - | - | - | 3,218,473 |
| Conversion of convertible loans ⁽⁸⁾ | 156,060 | - | - | - | - | 156,060 |
| Shares issue expense | (147,411) | - | - | - | - | (147,411) |
| Acquisition of subsidiaries | - | - | - | - | 14,646 | 14,646 |
| Acquisition of minority interests | - | - | - | (130,685) | (134,395) | (265,080) |
| Profit appropriation | - | - | 93,701 | (93,701) | - | - |
| Balance at 31 December 2007 | 3,337,159 | - | (12,182) | 854,247 | 128,348 | 4,307,572 |

THE COMPANY

Attributable to equity holders of the Company

| | <u>Share capital</u> RMB'000 | <u>Treasury shares</u> RMB'000 | <u>Other reserves</u> RMB'000 | <u>Retained earnings</u> RMB'000 | <u>Total equity</u> RMB'000 |
|--|-------------------------------------|---------------------------------------|--------------------------------------|---|------------------------------------|
| Balance at 1 January 2008 | 3,301,942 | - | - | 491,177 | 3,793,119 |
| Net profit for the financial year | - | - | - | 453,133 | 453,133 |
| Total recognised gains and losses for the financial year | - | - | - | 453,133 | 453,133 |
| Issue of new shares ⁽²⁾ | 1,642,851 | - | - | - | 1,642,851 |
| Dividends ⁽⁵⁾ | - | - | - | (265,920) | (265,920) |
| Interim Dividends ⁽⁶⁾ | - | - | - | (165,106) | (165,106) |
| Purchase of treasury shares ⁽³⁾ | - | (582,775) | - | - | (582,775) |
| Treasury shares used for acquisition of 100% interest in JTME ⁽⁴⁾ | - | 582,165 | - | - | 582,165 |
| Capital reserves arising from using treasury shares to pay for acquisition | - | - | (40,192) | - | (40,192) |
| Balance at 31 December 2008 | 4,944,793 | (610) | (40,192) | 513,284 | 5,417,275 |
| Balance at 1 January 2007 | 74,820 | - | - | (230) | 75,050 |
| Net profit for the financial year | - | - | - | 491,407 | 491,407 |
| Total recognised gains and losses for the financial year | - | - | - | 491,407 | 491,407 |
| Issue of new shares | 3,218,473 | - | - | - | 3,218,473 |
| Conversion of convertible loans ⁽⁸⁾ | 156,060 | - | - | - | 156,060 |
| Shares issue expense | (147,411) | - | - | - | (147,411) |
| Balance at 31 December 2007 | 3,301,942 | - | - | 491,177 | 3,793,579 |

Notes:

- (1) On 13 March 2008, Jiangsu Yangzijiang Shipbuilding Co., Ltd, a subsidiary of the Group, divested its entire 80% interests in Jiangsu Zhongzhou Marine Equipment Co., Ltd ("JZME"), to Jingjiang City Dunfeng Ship Dismantle Co., Ltd ("JCDS"), a minority shareholder of JZME, and Nantong Van Industries Co., Ltd ("NVIC"), a third party. The consideration received from JCDS and NVIC is RMB34.7 million and RMB19.8 million respectively.

- (2) On 28 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 total consideration for the acquisition is SGD533.8 million (RMB2,763 million) which consist of the issuance of 352,625,000 new ordinary shares (the "Consideration Shares") in the capital of the Company and SGD216 million (RMB1,120 million) in cash.

The difference between the total consideration and the amount of adjustment to the minority interest, RMB2,600 million was brought to equity according to the Group's significant accounting policies documented in the Group's 2007 Annual Report and IPO prospectus.

The completion date of the acquisition was on 18 April 2008. Following the completion of the acquisition, JNYS is now a wholly-owned subsidiary of the Company.

On 20 November 2008, with the completion of the acquisition of 24.81% equity in JNYS, the Company allotted and issued 352,625,000 new ordinary shares to Hong Kong Hengyuan Investment Limited, amounting to RMB 1,643 million based on the consideration value of SGD 0.90 per Share.

- (3) Pursuant to the share purchase mandate ("Share Purchase Mandate") approved by shareholders on 25 April 2008, the Company purchased a total of 228,239,000 shares through on-market purchase during FY 2008. The total amount paid to acquire shares pursuant to the Share Purchase Mandate was SGD 120.2 million.

- (4) On 27 November 2008, the Company entered into a sale and purchase agreement with ICH Invest & Trade Ltd. (the "Vendor") to acquire 100% equity of in the registered capital of Jiangsu Tongzhou Marine Equipment Co., Ltd ("JTME");

The total consideration for the acquisition is 228,000,000 ordinary shares in the capital of the Company ("Shares") amounting to a sum of RMB542 million based on the consideration value of SGD 0.52 per Share.

On 10 December 2008, with the completion of the acquisition of 100% equity in JTME, the Company re-directed 228,000,000 treasury shares as Consideration Shares to the Vendor's nominee.

With the completion of the acquisition, Jiangsu Tianyuan Ships Import & Export Co. Ltd ("JTY"), whose 10% equity interest is held by JTME, is now a wholly-owned subsidiary of the Group.

The difference between the total consideration and the amount of adjustment to the treasury share and the minority interest, RMB 40.1 million was brought to equity.

- (5) 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 22 May 2008.
- (6) This represents the interim dividend of 1 Singapore cent per ordinary share in respect of the financial year ended 31 December 2008. The Company paid the dividend on 30 December 2008.
- (7) 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.
- (8) 128,700,000 ordinary shares were issued pursuant to the conversion of the convertible loan, resulting in an increase of RMB156,060,000 in the share capital of the Company and a corresponding decrease of RMB156,060,000 in total liabilities.

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.

FY2007

During the financial period ended 31 December 2007, the redeemable convertible loans 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.

FY2008

1) Issue of shares as consideration for acquisition

On 20 November 2008, with the completion of the acquisition of 24.81% equity in JNYS, the Company allotted and issued 352,625,000 new ordinary shares to Hong Kong Hengyuan Investment Limited, amounting to RMB 1,643 million based on the consideration value of SGD 0.90 per Share.

2) Treasury shares

Pursuant to a share purchase mandate ("Share Purchase Mandate") approved by shareholders on 25 April 2008, the Company purchased a total of 228,239,000 shares by way of open market purchases during the period April to December 2008. The total amount paid to acquire shares pursuant to the Share Purchase Mandate was SGD 120.2 million.

Pursuant to the conditional sale and purchase agreement (the "Agreement") with ICH Invest & Trade Ltd. (the "Vendor") to acquire (a) the 100% beneficial equity interest in the registered capital of JTME; On 10 December 2008, the Company re-directed 228,000,000 treasury shares as Consideration Shares to the Vendor's nominee.

As at 31 December 2008, there were 239,000 Treasury Shares held by the Company.

There were no shares to be issued on conversion as at end of 31 December 2008 and 31 December 2007.

There were no other changes in company's share capital since 31 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 31 December 08 | As at 31 December 07 |
| Issued shares at the end of periods | 3,300,897 | 3,300,897 |
| New share issued during the period | 352,625 | - |
| Treasury shares at the end of periods | (239) | - |
| Net issued shares at the end of periods | 3,653,283 | 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 January 2008 | - | - |
| Repurchased during FY2008 | 228,239 | 582,775 |
| Treasury shares re-issued | (228,000) | (582,165) |
| Balance as at 31 December 2008 | 239 | 610 |

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.

None.

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 | |
|--|------------------|---------------|
| | FY2008 | FY2007 |
| (a) Based on weighted average number of ordinary shares in issue (RMB cents) | 45.13 | 28.2 |
| Weighted average number of Ordinary shares | 3,500,361,597 | 3,082,091,304 |
| (b) On fully diluted basis (RMB cents) | 45.13 | 28.2 |

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 | |
|--|------------------|------------------|--------------------|------------------|
| | 31 Dec 08 | 31 Dec 07 | 31 Dec 08 | 31 Dec 07 |
| Net asset value per ordinary share (RMB cents) based on issued share capital excluding treasury shares | 118.12 | 126.61 | 148.29 | 114.91 |

The Group's and the company's net assets value per ordinary share as at 31 December 2008 and 31 December 2007 have been computed based on the share capital of 3,653,283,000 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

FY 2008 vs. FY 2007

The Group achieved a revenue of RMB7,359 million in FY2008 (FY2007: RMB3,855 million), an increase of RMB 3,504 million or 91% year on year ("YoY") driven by increase in production activities; in year 2008, 27 vessels were delivered according to schedule, as compare to 16 vessels delivered in year 2007. As at 31 December 2008, another 20 vessels were under different stages of construction.

| Type of Vessel | Revenue | |
|----------------------------|-----------------|-----------------|
| | 2008 RMB'000 | 2007 RMB'000 |
| <u>Containerships</u> | | |
| 2500TEU | 3,557,693 | 2,150,827 |
| 1350TEU | 967,873 | 1,081,423 |
| 4250TEU | 1,363,931 | - |
| | 5,889,497 | 3,232,250 |
| <u>Multi purpose cargo</u> | | |
| 13000DWT | 190,692 | 418,263 |
| 7600DWT | 439,515 | 189,364 |
| 92500DWT | 726,274 | - |
| | 1,356,481 | 607,627 |
| Total * | 7,245,978 | 3,839,877 |

* Note: Revenue from other businesses were not included.

Corresponding to higher revenues and contribution from JNYS, net profit attributable to equity holder rose 81% YoY to RMB1,576 million from RMB870 million in FY2007.

Operating cost

Our cost of sales comprises mainly steel, shipbuilding materials, equipment, labor and outsourcing costs, increased by RMB 3,026 million or 101% YoY to RMB 5,996 million as a result of higher turnover.

Gross Profit

Gross profit margin was lower at 19% (FY2007: 23%) mainly due to increase in provision for potential cost variation to 8% of shipbuilding contract price from 0.5% previously on vessels that were under construction. The provisions were made after considering the worsening economic climate. The weaker Gross profit margin was also partly caused by increased material cost and the weakening of the USD against RMB over the relevant period.

Other income and gains

Other income and gains, which comprise mainly interest income, foreign exchange related gains and gains derived from disposal of financial assets, recorded an increase of RMB 283 million or 127% YoY. The increased was mainly due to the Group's efforts in better managing its currency risk, and effectiveness of the Group treasury functions.

Expenses

Despite higher production activities, company was able to reduce its administrative expenses to 2% of the turnover, this being 1 percentage point lower as compare to 3% of turnover in FY2007. The reduction was due to cost control measures and economies of scale.

Share of results of associated companies

It represents the share of results from Group's associated companies, Shanghai Hengao Ships Designing Co, Ltd and Yangzhou Huangzhou Deck Material Co., Ltd ("YHDM"), the latter was disposed in 4Q FY2008.

Corporate Income Tax

Our effective tax rate for FY2008 was 4.5%, 8.7 percentage points lower than the 13.2% effective tax rate for FY2007. This is due to greater profit contribution from JNYS which enjoyed tax exempted status as it is classified as a foreign owned enterprise.

Q4 2008 vs. Q4 2007

Revenue for 4Q2008 increased by 20% YoY, During the fourth quarter, 9 vessels were delivered according to schedule, as compared to 7 vessels delivered in third quarter, 6 vessels delivered in the second quarter 2008 and 5 vessels delivered in first quarter 2008.

| Type of Vessel | Revenue | |
|----------------------------|--------------------|--------------------|
| | 4Q 2008 RMB'000 | 4Q 2007 RMB'000 |
| <u>Containerships</u> | | |
| 2500TEU | 706,231 | 915,106 |
| 1350TEU | 207,497 | 372,734 |
| 4250TEU | 395,714 | - |
| | 1,309,442 | 1,287,840 |
| <u>Multi purpose cargo</u> | | |
| 13000DWT | 14,737 | 193,517 |
| 7600DWT | 57,633 | 58,061 |
| 92500DWT | 403,527 | - |
| | 475,897 | 251,578 |
| Total * | 1,785,339 | 1,539,418 |

* Note: Revenue from other businesses were not included.

Operating cost and Gross margin

The 31% increase in cost surpassed the 20% increase in turnover in 4QFY2008 can be attributed to the increase in provision for potential cost variation to 8% of shipbuilding contract price from 0.5% previously on vessels that were under construction. As a result, the Group achieved a lower gross profit margin of 13% in 4QFY2008 as compare to 23% in 3QFY2008.

Other income and gains

Other income increased by RMB89 million or 264% YoY mainly due to interest income accrued from held to maturity financial assets.

Expenses

Administrative expenses in 4QFY2008 was lowered to RMB38 million (third quarter: RMB42 million) as a result of effective cost control measures.

Share of results of associated companies

It represents the share of results from Group's associated companies, Shanghai Hengao Ships Designing Co, Ltd.

Balance sheet review

Non-current assets

Group's non-current assets increased by RMB878 million from RMB1,540 million as at 31 December 2007 to RMB2,418 million as at 31 December 2008. The increase of Non-current assets is mainly due to increase in property, plant and equipment arising from capital expenditure during the year.

Current assets

Inventories including raw materials such as steel, spare parts & other shipbuilding material increased from RMB413 million as at 31 Dec 2007 to RMB1,474 million as at 31 December 2008, the increase is mainly due to higher volume of shipbuilding activities.

In line with higher volume of shipbuilding in coming months, and the need to provide more prepayment to suppliers to secure engines and steel, other receivables and current assets increased by RMB634 million from RMB4,151 million as at 31 Dec 2007 to RMB4,785 million as at 31 December 2008.

Financial assets of RMB2,995 million are investments made in various bank products that are principle protected by China banks.

Liabilities

Liabilities increased from RMB10,184 million in FY2007 to RMB13,904 million in FY2008 mainly due to increases of progress billing received from customers for shipbuilding orders placed with the Group during the reporting period.

Equity

The change of "Total equity attributable to equity holders" to RMB 4,315 million as at 31 December 2008 from RMB 4,179 million as at 31 December 2007 was mainly a result of profits earned, dividend payout during the reporting period, and RMB 2,600 million brought to equity for the differences between the total consideration and the amount of adjustment to the minority interests that has been mentioned in note (2) of item 1(d)(i) on page 7.

Cash flows review

RMB2,577 million was generated from operating activities in FY2008, due mainly to the profit contributed from our core business and the progress billings collected from shipbuilding contracts.

Net Cash used in investing activities of RMB3,419 million reflects RMB2,995 million surplus funds that were invested in various principle protected bank products as at 31 December 2008, these investment will mature within the next 12 months.

Net cash used in financing activities of RMB537 million is mainly the result of dividend payouts and the share buybacks during the period under review.

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

FY2008 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.

In 2008, the Group was ranked 6th in China and 26th in the world¹ in terms of capacity by delivering 27 vessels as per schedule that totaled up to 850,000 DWT or 403,273CGT. The Group's total order book stands at 155 vessels with a total value of USD 6.9 billion, which is made up of 7.53million DWT or 2.86million CGT. As at 31 December 2008, we ranked 8th in China and 21st in the world² in terms of order book size and that elevated us to be one of the more prominent non state-owned ship building enterprises in China to be eligible for the stimulus scheme (the "Scheme"). Introduced by the PRC government on 2 February 2009, the Scheme involves a series of proactive measures taken not only to stabilize the landscape for major ship building enterprises to boost market demand, but also to develop the companies' capabilities to remain competitive. The policies came just in time to increase the overall confidence of the industry and to regulate the competition within the market.

In light of the global economic turmoil, the Group's policy of requiring upfront payment of no less than 20% of the contract value, plus a banker's guarantee of a further 20% of the contract value from customers prior to effecting the orders, will largely mitigate the impact of any adverse effect of order cancellation by its customers, notwithstanding, the Group will continue to closely monitor the financial status of its customers and their financing resources. As at the announcement date, there are no order cancellations from any customer.

With its strong liquidity and four years order book of US\$6.9billion as at 31 December 2008, the Group is confident to navigate through a pronounced downturn and participate in M&A opportunities that were not available previously. Barring any unforeseen circumstances, the Board remains confident of delivering continual growth in productivity and profitability for 2009.

^{1,2} Source: China Ship Marketing Research Center

11. **Dividend**

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

| | |
|-------------------|--|
| Name of Dividend | Ordinary Share Final Dividend (Proposed) |
| Dividend Type | Cash |
| Dividend Rate | 1.8 Singapore cents per ordinary share |
| Tax rate | Tax exempt (One-tier) |
| Book Closure date | to be announced in due course |
| Payment Date | to be announced in due course |

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

| | |
|-------------------|---|
| Name of Dividend | Ordinary Share First and final Dividend |
| Dividend Type | Cash |
| Dividend Rate | 1.565 Singapore cent per ordinary share |
| Tax rate | Tax exempt (One-tier) |
| Book Closure date | 8-May-08 |
| Payment Date | 22-May-08 |

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

Tax exempt (One-tier)

(d) ***Date payable***

On 22 May 2008, a first and final tax exempt (one-tier) dividend of 1.565 Singapore cents per share was paid in respect of the financial year ended 31 December 2007.

On 30 December 2008, an interim tax exempt (one-tier) dividend of 1 Singapore cent per share was paid in respect of the financial year ended 31 December 2008.

The payment of the recommended final tax exempt (one-tier) dividend of 1.8 Singapore cents per share will be subjected to shareholders' approval to be obtained at the coming Annual General Meeting. The payment date will be announced in due course.

(e) ***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 2008

| | Shipbuilding | Entrusted Loans | Total |
|---------------------------------|--------------|-----------------|------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Revenues | 7,359,096 | 28,906 | 7,388,002 |
| Segment result | 1,363,012 | 28,906 | 1,391,918 |
| Other income | | | 203,525 |
| Other gains -net | | | 274,239 |
| Unallocated costs | | | (163,175) |
| Finance costs-net | | | (6,643) |
| Profit before income tax | | | 1,699,864 |
| Income tax expense | | | (75,649) |
| Net profit | | | 1,624,215 |
| Other segment items | | | |
| Capital expenditure: | | | |
| - property, plant and equipment | 831,935 | - | 831,935 |
| - lease prepayments | 199,096 | - | 199,096 |
| Depreciation | 85,144 | - | 85,144 |
| Segment assets | 14,276,561 | - | 14,276,561 |
| Unallocated assets | | | 3,943,424 |
| Total assets | | | 18,219,985 |
| Segment liabilities | 13,340,125 | - | 13,340,125 |
| Unallocated liabilities | | | 564,422 |
| Total liabilities | | | 13,904,547 |

| For the financial year ended 31 December 2007 | Entrusted loans and loans to third parties | | Total |
|--|--|---------|-------------------|
| | Shipbuilding | | |
| | RMB'000 | RMB'000 | RMB'000 |
| Revenue | 3,855,494 | 64,645 | 3,920,139 |
| Segment result | 885,253 | 64,645 | 949,898 |
| Other income | | | 56,778 |
| Other gains, net | | | 101,766 |
| Unallocated costs | | | (117,898) |
| Finance expense | | | (128) |
| Profit before income tax | | | 990,416 |
| Income tax expense | | | (130,713) |
| Net profit | | | 859,703 |
| Other segment items | | | |
| Capital expenditure: | | | |
| - property, plant and equipment | 605,725 | - | 605,725 |
| - lease prepayments | 107,416 | - | 107,416 |
| - intangible assets | 458 | - | 458 |
| Depreciation | 34,839 | - | 34,839 |
| Segment assets | 12,035,292 | 654,000 | 12,689,292 |
| Unallocated assets | | | 1,802,016 |
| Total assets | | | 14,491,308 |
| Segment liabilities | 10,041,877 | - | 10,041,877 |
| Unallocated liabilities | | | 141,859 |
| Total liabilities | | | 10,183,736 |

(b) Geographical segments

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

| | Year ended 31 December | |
|-------------------------|------------------------|------------------|
| | 2008 | 2007 |
| | RMB'000 | RMB'000 |
| Germany | 3,926,931 | 2,884,210 |
| Canada | 2,086,918 | - |
| Other European Counties | 1,036,722 | 626,119 |
| China | 308,525 | 345,165 |
| | <u>7,359,096</u> | <u>3,855,494</u> |

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

| | 2008 RMB'000 | 2007 RMB'000 | Change % |
|---|-----------------|-----------------|-------------|
| (a) Sales reported for first half year | 3,466,713 | 1,416,417 | 145% |
| (b) Operating profit/loss after tax before deducting minority interests reported for first half year | 753,887 | 334,549 | 125% |
| (c) Sales reported for second half year | 3,892,383 | 2,439,077 | 60% |
| (d) Operating profit/loss after tax before deducting minority interests reported for second half year | 870,328 | 525,154 | 65% |

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'000 | Previous Full Year SGD '000 |
|----------|-----------------------------|--------------------------------|
| Ordinary | 102,292 | 51,659 |
| Total | 102,292 | 51,659 |

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD1.8 cents per ordinary share amounting to a total of SGD 65,759,094 based on current 3,653,283,000 net issued shares as of 31 December 2008 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 2009.

17. Interested Person Transactions

None.

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.