



**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 MARCH 2009**

**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.**

	<b>The Group</b>			
	1st Quarter			
	<b>1Q 2009</b>	% of	<b>1Q 2008</b>	+ / (-) %
	RMB'000	revenue	RMB'000	Variance
Revenue	2,090,159	100%	1,694,065	23%
Cost of sales	(1,665,653)	-80%	(1,338,898)	24%
Gross profit	<u>424,506</u>	20%	<u>355,167</u>	20%
Other income	39,693	2%	40,169	-1%
Other gains/(losses), net	97,258	5%	88,497	10%
Expenses				
- Administrative	(46,588)	-2%	(34,586)	35%
- Finance	(1,096)	-0.1%	(1,269)	-14%
Share of results of associated companies #	(996)	-0.05%	-	
Profit before income tax	512,777	25%	447,978	17%
Income tax expense	<u>(29,506)</u>	-2%	<u>(32,251)</u>	-9%
<b>Net profit</b>	<u>483,271</u>	23%	<u>415,727</u>	16%
<b>Attributable to:</b>				
Equity holders of the Company	483,271	23%	371,268	30%
Minority interest	-	0%	44,459	-100%
	<u>483,271</u>		<u>415,727</u>	

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

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

	<b>The Group</b>		
	<b>1st Quarter</b>		<b>+ / (-) %</b>
	<b>1Q 2009</b>	<b>1Q 2008</b>	<b>Variance</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>After charging:</b>			
Depreciation and amortization	30,480	21,032	45%
Finance costs - Interest on borrowings	1,096	1,190	-8%
Loss on disposal of property, plant and equipment	-	70	n.m.
<b>After crediting:</b>			
Interest income	39,693	40,169	-1%
Foreign exchange related gains/(losses), net	85,616	72,140	19%
Gain on disposal of financial assets, available-for-sale	292	14,882	-98%
Fair value gain on financial assets	10,350	-	n.m.
Tax incentive received	1,000	-	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 Mar 2009 RMB'000	As at 31 Dec 2008 RMB'000	As at 31 Mar 2009 RMB'000	As at 31 Dec 2008 RMB'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,703,926	3,060,384	119,016	4,073
Restricted cash	2,573,533	2,619,030	-	-
Financial assets, at fair value through profit or loss	1,033,942	1,213,592	-	-
Derivative financial instruments	67,024	128,355	16,287	60,657
Financial assets, available-for-sale	9,300	9,300	-	-
Financial assets, held-to-maturity	1,846,093	1,782,049	-	-
Trade receivables	461,651	600,029	-	-
Other receivables, prepayments and other current assets	4,593,467	4,784,757	895,391	935,931
Inventories	852,692	1,474,367	-	-
Due from customers for contract works	201,869	130,002	-	-
	<b>15,343,497</b>	<b>15,801,865</b>	<b>1,030,694</b>	<b>1,000,661</b>
<b>Non-current assets</b>				
Derivative financial instruments	8,461	5,351	8,461	5,351
Property, plant and equipment	1,973,594	1,961,583	-	-
Lease prepayments	388,367	390,363	-	-
Intangible assets	431	411	-	-
Investment in associated companies	13,106	14,102	-	-
Investment in subsidiaries	-	-	4,526,196	4,526,196
Deferred income tax assets	34,457	46,310	-	-
	<b>2,418,416</b>	<b>2,418,120</b>	<b>4,534,657</b>	<b>4,531,547</b>
<b>Total assets</b>	<b>17,761,913</b>	<b>18,219,985</b>	<b>5,565,351</b>	<b>5,532,208</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and bills payable	609,158	685,946	-	-
Accrual, other payables and other current liabilities	306,848	348,441	111,720	36,326
Current income tax liabilities	77,193	61,477	4,802	4,802
Derivative financial instruments	79,621	59,261	-	56,573
Due to customers for construction contracts	11,256,262	11,726,053	-	-
Advances received on construction contracts	68,261	397,310	-	-
Borrowings	477,651	489,983	-	-
	<b>12,874,994</b>	<b>13,768,471</b>	<b>116,522</b>	<b>97,701</b>
<b>Non-current liabilities</b>				
Derivative financial instruments	79,431	123,114	8,461	5,351
Deferred income tax liabilities	4,949	12,962	-	11,881
	<b>84,380</b>	<b>136,076</b>	<b>8,461</b>	<b>17,232</b>
<b>Total liabilities</b>	<b>12,959,374</b>	<b>13,904,547</b>	<b>124,983</b>	<b>114,933</b>
<b>NET ASSETS</b>	<b>4,802,539</b>	<b>4,315,438</b>	<b>5,440,368</b>	<b>5,417,275</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	4,980,010	4,980,010	4,944,793	4,944,793
Treasury shares	(610)	(610)	(610)	(610)
Other reserves	(2,565,071)	(2,624,355)	(40,192)	(40,192)
Retained earnings	2,388,210	1,960,393	536,376	513,284
	<b>4,802,539</b>	<b>4,315,438</b>	<b>5,440,368</b>	<b>5,417,275</b>
<b>Minority interest</b>	-	-	-	-
<b>Total equity</b>	<b>4,802,539</b>	<b>4,315,438</b>	<b>5,440,368</b>	<b>5,417,275</b>

**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 March 2009</b>		<b>As at 31 March 2008</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
477,651	-	-	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.**

	<b>The Group</b>	
	1st Quarter	
	<b>1Q 2009</b>	<b>1Q 2008</b>
	RMB '000	RMB '000
<b>Cash flows from operating activities</b>		
Total profit	483,271	415,727
Adjustments for:		
- Income tax expenses	29,506	32,251
- Depreciation on property, plant and equipment	28,449	19,792
- Amortisation of land use rights	1,996	1,209
- Loss/(gain) on disposal of property, plant and equipment	-	70
- Amortisation of intangible assets	35	31
- Fair value gain on financial assets, at fair value through profit or loss	(10,350)	-
- Gain on disposal of financial assets, available-for-sale	(292)	(14,882)
- Interest expenses	1,096	1,190
- Interest income	(39,693)	(40,169)
- Fair value change on derivative financial instruments	38,903	-
- Share of loss of associated companies	996	-
	<u>533,917</u>	<u>415,219</u>
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	621,675	(61,724)
- Due from and due to customers for construction contracts	(541,658)	788,274
- Advances received on construction contracts	(329,049)	-
- Trade receivables, net	138,378	489,876
- Other receivables, prepayments and other current assets	191,290	(1,145,383)
- Trade and bills payables	(76,788)	133,360
- Accruals, other payables and other current liabilities	(41,593)	19,441
- Restricted cash	45,497	194,806
Cash generated from operations	<u>541,669</u>	<u>833,869</u>
Interest paid	(1,096)	(1,190)
Income tax paid	(9,950)	(49,288)
<b>Net cash provided by operating activities</b>	<b><u>530,623</u></b>	<b><u>783,391</u></b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of financial assets, at fair value through profit or loss	190,000	-
Proceeds from sales of financial assets, available-for-sale	90,117	39,905
Proceeds from sales of investment in subsidiaries	-	57,494
Proceeds from redemption of financial assets, held-to-maturity upon maturity	1,151,556	1,110,835
Interest received	24,093	40,169
Loans repayments received from third parties	-	24,000
Purchase of property, plant and equipment	(40,460)	(165,277)
Acquisition of financial assets, held-to-maturity	(1,200,000)	(1,100,011)
Acquisition of financial assets, available-for-sale	(90,000)	(25,849)
Acquisition of intangible assets	(55)	(208)
<b>Net cash provided/(used in) investing activities</b>	<b><u>125,251</u></b>	<b><u>(18,942)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	433,664
Repayments of borrowings	(12,332)	-
<b>Net cash (used in)/provided by financing activities</b>	<b><u>(12,332)</u></b>	<b><u>433,664</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>643,542</b>	<b>1,198,113</b>
Cash and cash equivalents at the beginning of financial year	3,060,384	4,438,757
<b>Cash and cash equivalents at the end of financial year</b>	<b><u>3,703,926</u></b>	<b><u>5,636,870</u></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**

	Attributable to equity holders of the Company					Minority interest	Total equity
	Share capital	Treasury Shares	Other reserves	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009	4,980,010	(610)	(2,624,355)	1,960,393	4,315,438	-	4,315,438
Financial assets, available-for-sale							
- Fair value gains	-	-	117	-	117	-	117
- Disposals	-	-	(292)	-	(292)	-	(292)
Cash flow hedges							
- Fair value gains	-	-	9,173	-	9,173	-	9,173
- Transfers	-	-	(5,168)	-	(5,168)	-	(5,168)
Net profit for 1st quarter FY2009	-	-	-	483,271	483,271	-	483,271
Total recognised income for 1st quarter FY2009	-	-	3,830	483,271	487,101	-	487,101
Profit appropriation *	-	-	55,454	(55,454)	-	-	-
Balance at 31 March 2009	4,980,010	(610)	(2,565,071)	2,388,210	4,802,539	-	4,802,539
Balance at 1 January 2008	3,337,159	-	(12,182)	854,247	4,179,224	128,348	4,307,572
Financial assets, available-for-sale							
- Fair value gains	-	-	1,060	-	1,060	118	1,178
Net profit for 1st quarter FY2008	-	-	-	371,268	371,268	44,459	415,727
Total recognised income for 1st quarter FY2008	-	-	1,060	371,268	4,551,552	44,577	416,905
Disposal of interests in subsidiaries							
- Interests in JZME	-	-	-	-	-	(13,633)	(13,633)
- Interests in JNYS	-	-	-	1,000	1,000	5,000	6,000
Profit appropriation *	-	-	37,841	(37,841)	-	-	-
Balance at 31 March 2008	3,337,159	-	26,719	1,188,674	8,731,776	164,292	4,716,844

\* 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.

## 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 2009	4,944,793	(610)	(40,192)	513,284	5,417,275
Net profit for 1st quarter FY2009	-	-	-	23,092	23,092
Total recognised (loss)/income for 1st quarter FY2009	-	-	-	23,092	23,092
Balance at 31 March 2009	4,944,793	(610)	(40,192)	536,376	5,440,367
Balance at 1 January 2008	3,301,942	-	-	491,177	3,793,119
Net profit for 1st quarter FY2008	-	-	-	14,247	14,247
Total recognised (loss)/income for 1st quarter FY2008	-	-	-	14,247	14,247
Balance at 31 March 2008	3,301,942	-	-	505,424	3,807,366

**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.**

There were no other changes in company's share capital since 31 December 2008.

	Number of Shares ('000)	
	As at 31 March 09	As at 31 March 08
Shares may be issued on conversion	-	-
Shares held as treasury shares	239	-
Issued shares excluding treasury shares	3,653,283	-

**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 March 09	As at 31 March 08
Issued shares at the end of periods	3,653,522	3,300,897
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 2009	239	610
Repurchased during 1QFY2009	-	-
Treasury shares re-issued	-	-
Balance as at 31 March 2009	<u>239</u>	<u>610</u>

**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:-**

	<b>The Group</b>	
	First Quarter Ended	
	<b>31 March 2009</b>	<b>31 March 2008</b>
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	13.23	11.25
Weighted average number of Ordinary shares	3,653,283,000	3,300,897,000
(b) On fully diluted basis (RMB cents)	13.23	11.25



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.**

	<b>The Group</b>		<b>The Company</b>	
	First Quarter Ended		First Quarter Ended	
	<b>31/03/09</b>	<b>31/12/08</b>	<b>31/03/09</b>	<b>31/12/08</b>
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	131.46	118.12	148.92	148.29

The Group's and the company's net assets value per ordinary share as at 31 March 2009 and 31 March 2008 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**

Revenue in 1Q 2009 increased 23% to RMB2,090 million (1Q 2008: RMB 1,694 million), due to increase in revenue from our new yard for the construction of large vessels. In first quarter 2009, 6 vessels were delivered according to schedule, as compared to 5 vessels delivered in first quarter 2008. As at 31 March 2009, another 24 vessels were under different stages of construction.

<b>Type of Vessel</b>	<b>Revenue</b>	
	<b>1Q 2009 RMB'000</b>	<b>1Q 2008 RMB'000</b>
<u>Containerships</u>		
2500TEU	288,161	933,525
1350TEU	239,176	220,073
4250TEU	681,733	218,953
	<b>1,209,070</b>	<b>1,372,551</b>
<u>Multi purpose cargo</u>		
13000DWT	234,164	87,525
7600DWT	63,407	64,909
92500DWT	583,518	153,463
	<b>881,089</b>	<b>305,897</b>
Total *	<b>2,090,159</b>	<b>1,678,448</b>

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

### Operating cost

Our cost of sales of RMB1,666 million for 1Q FY2009 was higher than the RMB1,339 million recorded in 1Q FY2008 due to an increase in turnover and construction activities.

### Gross Profit

Gross profit margin was maintained at 20%, comparable to the previous corresponding quarter ended 31 March 2008, despite increasing the provision for potential cost variation to 8% of shipbuilding contract price on vessels that were under construction. Nonetheless, this was offset by the higher profit margins from construction of larger vessels.

### Other income and gains

Other income that was derived from interest income was marginally lower than the RMB 40.1 million recorded in 1Q FY2008, the decrease was mainly due to lower interest rates. Other gains, which comprise mainly foreign exchange related gains and gains derived from disposal of financial assets, recorded an increase of RMB 8.8 million, mainly due to gains realized from forward foreign exchange contracts in 1Q FY2009.

### Expenses

Administrative expenses maintained at 2% of the turnover, which was in line with its corresponding period ended 31 March 2008. Lower finance cost compared to 1Q FY2008 was in line with lower interest rate.

### Share of results of associated company

It represents the share of results from Group's associated company.

### Corporate Income Tax

Our effective tax rate for 1Q FY2009 was 5.7%, 1.5 percentage points lower than the 7.2% effective tax rate for its corresponding period ended 31 March 2008, which is in line with greater profit contribution from JNYS which enjoyed tax exempted for profit generated in FY 2009.

## **Balance sheet review**

### Assets

Inventories including raw materials such as steel, spare parts & other shipbuilding material decreased from RMB1,474 million as 31 December 2008 to RMB853 million as at 31 March 2009. The decrease was mainly due to Group's decision to maintain lower level of inventories in view of weakening commodity prices. Prepayment to suppliers, the major component of the other receivables was also decreased correspondingly as a result of the said decision.

Financial assets of RMB2,880 million are investments made in various bank products that are principle protected by China banks.

### Liabilities

Liabilities decreased to RMB12,959 million from RMB13,904 million as at 31 December 2008 mainly due to reduction in downpayments for vessels delivered during the reporting period.

### Equity

The change of "Total equity attributable to equity holders" to RMB 4,803 million as at 31 March 2009 from RMB 4,315 million as at 31 December 2008 was mainly a result of profits earned during the reporting period.

## **Cash flows review**

RMB530 million was generated from operating activities in 1Q FY2009, due mainly to the profit contributed from our core business and the Group's decision to maintain lower inventories.

Net Cash inflow from investing activities of RMB125 million reflects Group treasury functions in investing short term treasury products. Movement in "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 principle protected bank products.

**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 delivered 6 vessels in the first quarter of 2009 and a further 2 vessels in the month of April 2009; most vessels were delivered ahead of the contractual delivery deadlines. The Group expects to achieve on time delivery for the remaining scheduled deliveries in 2009. Group's total order's book stands at 149 vessels with a total value of USD 6.7 billion as at 31 March 2009.

On the operational front, a key milestone was reached in the quarter by the Group's successful delivery of its first two 92,500DWT vessels and first 4,250TEU vessel. This was achieved with tremendous support from ship owners and outstanding contributions from the management and staff.

In response to the challenging economic environment, we have been interacting closely with ship owners to weather through the current financial storm by providing the following on a case-by-case basis:

1. Under the recent stimulus framework proposed by the PRC government for the ship building industry, as one of the few prominent non state-owned ship building enterprises in China to be eligible for the shipbuilding stimulus scheme, we will actively liaise with banks to apply for financing for some of the ship owners.
2. For those orders in which we have received 40% in cash of prepayment, we will consider and evaluate the possibility of accommodating any request to delay the start of construction of the vessel.
3. We will also consider and evaluate any request of ship owners to change the vessel type so long as the vessel type lies in the range of vessels produced by our yards.
4. For certain ship owners who have signed protocol of acceptance, we will consider providing docking facilities for completed vessels over a certain period of time, no more than 6 months.
5. In lieu to soft commodity prices, we will consider and evaluate the possibility of a rebate for raw materials for only the high margin vessels.

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 significant level of cash on hand, the Group will look towards exploring feasible opportunities to venture into ship repair and/or ship dismantling businesses. The Group will also look into working with banks and shipping lines to look for feasible opportunities to acquire and co-own certain vessels at distressed price levels.

Moving forward, with the strong cash holdings and sizable order book, the Board remains confident of delivering continued growth of productivity and profitability in 2009.

**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 31 March 2009 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.