



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 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.

	The Group				The Group			
	2nd Quarter		2nd Quarter		January - June		January - June	
	2Q 2009	<i>% of</i>	2Q 2008	<i>+ / (-) %</i>	1H 2009	<i>% of</i>	1H 2008	<i>+ / (-) %</i>
	RMB'000	<i>Revenue</i>	RMB'000	<i>Variance</i>	RMB'000	<i>Revenue</i>	RMB'000	<i>Variance</i>
Revenue	2,498,665	100%	1,772,648	41%	4,588,824	100%	3,466,713	32%
Cost of sales	(1,888,872)	-76%	(1,468,554)	29%	(3,554,525)	-77%	(2,807,452)	27%
Gross profit	609,793	24%	304,094	101%	1,034,299	23%	659,261	57%
Other income	52,279	2%	34,190	53%	91,972	2%	74,359	24%
Other gains, net	107,248	4%	67,511	59%	204,506	4%	156,008	31%
Expenses								
- Administrative	(50,452)	-2%	(45,892)	10%	(97,040)	-2%	(80,478)	21%
- Finance	(3,983)	-0.2%	(2,161)	84%	(5,079)	-0.1%	(3,430)	48%
Share of results of associated companies #	(341)	0.0%	(827)	-59%	(1,337)	-0.03%	(827)	62%
Profit before income tax	714,544	29%	356,915	100%	1,227,321	27%	804,893	52%
Income tax expense	(107,176)	-4%	(18,755)	471%	(136,682)	-3%	(51,006)	168%
Net profit	607,368	24%	338,160	80%	1,090,639	24%	753,887	45%
Attributable to:								
Owners of the parent	607,368		338,157	80%	1,090,639		709,425	54%
Minority interest	-		3	n.m.	-		44,462	n.m.
	607,368	24%	338,160	80%	1,090,639	24%	753,887	45%

Share of results of associated companies is after tax and minority interest
 n.m. denotes not meaningful

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

	The Group		+ / (-) % Variance %
	2nd Quarter		
	2Q 2009	2Q 2008	
	RMB'000	RMB'000	
After charging:			
Depreciation and amortization	31,858	22,492	42%
Finance costs - Interest on borrowings	3,663	2,161	69%
After crediting:			
Interest income	52,279	35,950	45%
Foreign exchange related gains, net	82,588	42,575	94%
Fair value gain on financial assets, at fair value through profit or loss	20,691	-	n.m.
Gain on disposal of financial assets, available-for-sale	-	18,328	n.m.
Tax incentive received	3,969	-	n.m.

1(b)(i) A statement of financial position (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 2009 RMB'000	As at 31 Dec 2008 RMB'000	As at 30 Jun 2009 RMB'000	As at 31 Dec 2008 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	5,803,347	3,060,384	37,061	4,073
Restricted cash	3,225,442	2,619,030	-	-
Financial assets, at fair value through profit or loss	-	1,213,592	-	-
Derivative financial instruments	63,922	128,355	43,067	60,657
Financial assets, available-for-sale	9,300	9,300	-	-
Financial assets, held-to-maturity	1,328,804	1,782,049	-	-
Trade receivables	582,182	600,029	-	-
Other receivables, prepayments and other current assets	4,613,722	4,784,757	660,370	935,931
Inventories	803,671	1,474,367	-	-
Due from customers for contract works	98,400	130,002	-	-
	<u>16,528,790</u>	<u>15,801,865</u>	<u>740,498</u>	<u>1,000,661</u>
Non-current assets				
Derivative financial instruments	4,529	5,351	4,529	5,351
Property, plant and equipment	1,966,263	1,961,583	-	-
Lease prepayments	386,370	390,363	-	-
Intangible assets	412	411	-	-
Investment in associated companies	12,764	14,102	-	-
Investment in subsidiaries	-	-	4,526,196	4,526,196
Financial assets, held-to-maturity	280,000	-	-	-
Deferred income tax assets	27,482	46,310	-	-
	<u>2,677,820</u>	<u>2,418,120</u>	<u>4,530,725</u>	<u>4,531,547</u>
Total assets	<u>19,206,610</u>	<u>18,219,985</u>	<u>5,271,223</u>	<u>5,532,208</u>
LIABILITIES				
Current liabilities				
Trade and bills payable	1,095,188	685,946	-	-
Accrual, other payables and other current liabilities	625,579	348,441	108,626	36,326
Current income tax liabilities	68,514	61,477	4,802	4,802
Derivative financial instruments	128,412	59,261	43,067	56,573
Due to customers for construction contracts	10,853,248	11,726,053	-	-
Advances received on construction contracts	277,489	397,310	-	-
Borrowings	956,240	489,983	-	-
	<u>14,004,670</u>	<u>13,768,471</u>	<u>156,495</u>	<u>97,701</u>
Non-current liabilities				
Derivative financial instruments	30,149	123,114	4,529	5,351
Deferred income tax liabilities	69,625	12,962	-	11,881
	<u>99,774</u>	<u>136,076</u>	<u>4,529</u>	<u>17,232</u>
Total liabilities	<u>14,104,444</u>	<u>13,904,547</u>	<u>161,024</u>	<u>114,933</u>
NET ASSETS	<u>5,102,166</u>	<u>4,315,438</u>	<u>5,110,199</u>	<u>5,417,275</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	4,980,010	4,980,010	4,944,793	4,944,793
Treasury shares	(610)	(610)	(610)	(610)
Other reserves	(2,489,683)	(2,624,355)	(40,192)	(40,192)
Retained earnings	2,612,449	1,960,393	206,208	513,284
	<u>5,102,166</u>	<u>4,315,438</u>	<u>5,110,199</u>	<u>5,417,275</u>
Minority interest	-	-	-	-
Total equity	<u>5,102,166</u>	<u>4,315,438</u>	<u>5,110,199</u>	<u>5,417,275</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 2009		As at 30 June 2008	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
956,240	-	411,437	-

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 statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	2nd Quarter	
	2Q 2009	2Q 2008
	RMB '000	RMB '000
Cash flows from operating activities		
Total profit	607,368	338,160
Adjustments for:		
- Income tax expenses	107,176	18,755
- Depreciation on property, plant and equipment	29,827	21,460
- Amortisation of land use rights	1,997	799
- Amortisation of intangible assets	34	233
- Fair value gain on financial assets, at fair value through profit or loss	(20,691)	-
- Gain on disposal of financial assets, available-for-sale	-	(18,328)
- Interest expenses	3,663	2,161
- Interest income	(52,279)	(35,950)
- Fair value change on derivative financial instruments through profit or loss	9,646	-
- Share of loss of associated companies	341	827
	<u>687,082</u>	<u>328,117</u>
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	49,021	(427,554)
- Due from and due to customers for construction contracts	(299,545)	346,371
- Advances received on construction contracts	209,228	-
- Trade receivables, net	(120,531)	91,497
- Other receivables, prepayments and other current assets	(20,255)	117,427
- Trade and bills payables	486,030	(19,594)
- Accruals, other payables and other current liabilities	318,731	290,140
- Restricted cash	(651,909)	(448,919)
Cash generated from operations	<u>657,852</u>	<u>277,485</u>
Interest paid	(3,663)	(2,161)
Income tax paid	(44,204)	(37,772)
Net cash provided by operating activities	<u>609,985</u>	<u>237,552</u>
Cash flows from investing activities		
Proceeds from sales of financial assets, at fair value through profit or loss	1,054,633	-
Proceeds from sales of financial assets, available-for-sale	-	58,551
Proceeds from redemption of financial assets, held-to-maturity upon maturity	733,281	1,501,760
Interest received	36,288	34,190
Loans repayments received from third parties	-	60,000
Loans repayments received from an associate	-	80,828
Purchase of property, plant and equipment	(22,496)	(103,184)
Acquisition of financial assets, held-to-maturity	(480,000)	(1,500,000)
Acquisition of financial assets, available-for-sale	-	(49,223)
Acquisition of equity interest in existing subsidiaries from minority shareholder	-	(624,309)
Acquisition of intangible assets	(15)	-
Restricted cash set aside and committed in investing of financial assets	-	(1,500,000)
Capital injection in an associated company	-	(80,828)
Net cash provided by/(used in) investing activities	<u>1,321,691</u>	<u>(2,122,215)</u>
Cash flows from financing activities		
Proceeds from borrowings	781,105	-
Repayments of borrowings	(302,516)	(50,669)
Purchase of treasury shares	-	(74,731)
Dividends paid to equity holders	(310,844)	(265,920)
Net cash provided by/(used in) financing activities	<u>167,745</u>	<u>(391,320)</u>
Net increase/(decrease) in cash and cash equivalents	2,099,421	(2,275,983)
Cash and cash equivalents as at 1 April 2009	<u>3,703,926</u>	<u>5,636,870</u>
Cash and cash equivalents as at 30 June 2009	<u>5,803,347</u>	<u>3,360,887</u>

1(d)(i)(a) STATEMENTS OF COMPREHENSIVE INCOME for the Half Year ended 30 June 2009

	GROUP			GROUP		
	2Q 2009 RMB'000	2Q 2008 RMB'000	+ / (-) % variance	1H 2009 RMB'000	1H 2008 RMB'000	+ / (-) % variance
Net profit	607,368	338,160	80%	1,090,639	753,887	45%
Other comprehensive income(net of tax):						
Financial assets, available-for-sale						
- Fair value changes	-	663		(175)	1,841	
Cash flow hedges						
- Fair value gains	642	177,471		9,815	177,471	
- Transfers	2,461	-		(2,707)	-	
Total Comprehensive Income	610,471	516,294	18%	1,097,572	933,199	18%
Total comprehensive income attributable to:						
Owners of the parent	610,471	516,225	18%	1,097,572	888,553	24%
Minority interest	-	69	n.m.	-	44,646	n.m.
	610,471	516,294		1,097,572	933,199	

1(d)(ii)(b) 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 Group					Minority interest RMB'000	Total equity RMB'000
	Share capital RMB'000	Treasury Shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 April 2009	4,980,010	(610)	(2,565,071)	2,388,210	4,802,539	-	4,802,539
Dividend relating to 2008 paid ⁽¹⁾	-	-	-	(310,844)	(310,844)	-	(310,844)
Profit appropriation ⁽²⁾	-	-	72,285	(72,285)	-	-	-
Total comprehensive income for 2nd quarter FY2009	-	-	3,103	607,368	610,471	-	610,471
Balance at 30 June 2009	4,980,010	(610)	(2,489,683)	2,612,449	5,102,166	-	5,102,166
Balance at 1 April 2008	3,337,159	-	26,719	1,188,674	4,552,552	164,292	4,716,844
Repurchase of shares and held as treasury shares	-	(74,731)	-	-	(74,731)	-	(74,731)
Dividend relating to 2007 paid	-	-	-	(265,920)	(265,920)	-	(265,920)
Acquisition of minority interest	1,528,815	-	(2,464,180)	-	(935,365)	(162,753)	(1,098,118)
Profit appropriation ⁽²⁾	-	-	36,776	(36,776)	-	-	-
Total comprehensive income for 2nd quarter FY2008	-	-	178,068	338,157	516,225	69	516,294
Balance at 30 June 2008	4,865,974	(74,731)	(2,222,617)	1,224,135	3,792,761	1,608	3,794,369

THE COMPANY

	<u>Attributable to equity holders of the Company</u>				
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2009	4,944,793	(610)	(40,192)	536,376	5,440,367
Dividend relating to 2008 paid ⁽¹⁾	-	-	-	(310,844)	(310,844)
Total comprehensive income for 2nd quarter FY2009	-	-	-	(19,324)	(19,324)
Balance at 30 June 2009	<u>4,944,793</u>	<u>(610)</u>	<u>(40,192)</u>	<u>206,208</u>	<u>5,110,199</u>
Balance at 1 April 2008	3,301,942	-	-	491,177	3,793,119
Repurchase of shares and held as treasury shares	-	(74,731)	-	-	(74,731)
Share to be issued	1,528,815	-	-	-	1,528,815
Dividend relating to 2007 paid	-	-	-	(265,920)	(265,920)
Total comprehensive income for 2nd quarter FY2008	-	-	-	14,263	14,263
Balance at 30 June 2008	<u>4,830,757</u>	<u>(74,731)</u>	<u>-</u>	<u>239,520</u>	<u>4,995,546</u>

- (1) This represents the final dividend of 1.8 Singapore cent per ordinary share in respect of the financial year ended 31 December 2008. The company paid the dividend on 22 May 2009.
- (2) 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.

There were no other changes in company's share capital since 31 March 2009.

	Number of Shares ('000)	
	As at 30 June 09	As at 30 June 08
Shares may be issued on conversion	-	-
Shares held as treasury shares	239	14,600
Issued shares excluding treasury shares	3,653,283	3,268,297

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 09	As at 30 June 08
Issued shares at the end of periods	3,653,522	3,300,897
Treasury shares at the end of periods	(239)	(14,600)
Net issued shares at the end of periods	3,653,283	3,286,297

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.

	Number of Shares ('000)	RMB '000
Total number of treasury shares		
Balance as at 1 April 2009	239	610
Repurchased during 2QFY2009	-	-
Treasury shares re-issued	-	-
Balance as at 30 June 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.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements, except for those as disclosed under paragraph 5.

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.

On 1 January 2009, the Group adopted the new or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) that are effective in this financial year. They are:

FRS 1R – presentation of financial statements

FRS 1R requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income

are presented in a separate Statement of comprehensive income.

The 'Balance sheets and Cash flow statements' have been re-titled to 'Statement of financial position' and 'statements of cash flows' respectively.

Comparatives for 2008 have been restated to conform to the requirements of the revised standard.

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	
	2Q FY 2009	2Q FY 2008
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	16.71	10.25
Weighted average number of Ordinary shares	3,653,283,000	3,299,606,041
(b) On fully diluted basis (RMB cents)	16.71	9.25

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.

	The Group		The Company	
	30/06/09	31/12/08	30/06/09	31/12/08
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	139.66	118.12	139.88	148.29

The Group's and the company's net assets value per ordinary share as at 30 June 2009 and 31 December 2008 have been computed based on the share capital of 3,653,283,000 shares.

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 2Q 2009 increased by 41% to RMB2,499 million (2Q 2008: RMB1,773 million), due to increased productivity from our new yard with the construction of larger vessels. In 2Q 2009, 11 vessels were delivered according to schedule, as compared to 6 vessels delivered in 2Q 2008.

Type of Vessel	Revenue	
	2Q 2009 RMB'000	2Q 2008 RMB'000
<u>Containerships</u>		
2500TEU	405,671	1,163,318
1350TEU	153,155	269,065
4250TEU	711,740	53,656
	1,270,566	1,486,039
<u>Multi purpose cargo</u>		
13000DWT	213,555	44,985
7600DWT	40,834	157,562
92500DWT	910,465	69,710
	1,164,854	272,257
Total *	2,435,420	1,758,296

* Note: Revenue from other businesses was not included.

Operating cost

Corresponding to higher revenues, our cost of sales of RMB1,889 million for 2Q 2009 was also higher than that of RMB1,469 million recorded in 2Q 2008.

Gross Profit

Gross profit margin increased to 24% in 2Q 2009 from 17% in 2Q 2008 and the increase was due mainly to the higher profit recognition for three high margin vessels delivered in the quarter.

Other income and gains

Other income that comprises mainly interest income, increased by RMB18.0 million to RMB52.2 million in 2Q 2009 from RMB34.2 million in 2Q 2008. The increase was a result of higher cash balance in 2Q 2009 as compared to the same quarter last year. For the same reason, other gains, which comprise mainly of gains derived from disposal of financial assets and foreign exchange related gains, recorded an increase of RMB39.7 million to RMB107.2 million in 2Q 2009 from RMB67.5 million in 2Q 2008.

Expenses

Administrative expenses remained at 2% of the turnover; while finance expenses increased to RMB4.0 million in 2Q 2009 from RMB2.2 million in 2Q 2008 in line with a corresponding increase in the short term borrowing.

Corporate Income Tax

Our effective tax rate for 2Q 2009 was 15%, a significant increase from 5.3% in 1Q 2009 due mainly to the full provision of 5% withholding tax over the our Chinese subsidiaries' earning for 1H2009 according to the New Corporate Income Tax Law ("CIT") whereby dividends distributed to its foreign shareholder by Foreign Invested Enterprises ("FIE") will be subjected to a 5% withholding tax for countries, such as Singapore, that have signed bilateral treaty with the PRC.

Statements of financial position Review

Assets

Inventories including raw materials such as steel, spare parts & other shipbuilding material decreased from RMB853 million as at 31 March 2009 to RMB804 million as at 30 June 2009. The decrease was the result of our decision to maintain lower levels of inventory in view of weakening commodity prices.

Financial assets of RMB1,610 million represent investments made in various bank products.

Liabilities

Trade and bills payable increased from RMB609 million as at 31 March 2009 to RMB1,095 million as at 30 June 2009 as a result of increased acceptance payable (RMB514 million) to enhance interest income from shorter cash flow cycle. Higher short term borrowings was the result of increased borrowings in USD, to allow us enjoy interest rate differential between USD borrowing and RMB deposit in China.

Equity

The change of "Total equity attributable to equity holders" to RMB5,102 million as at 30 June 2009 from RMB4,803 million as at 31 March 2009 was mainly a result of profits earned during the reporting period.

Statements of cash flows review

RMB610 million was generated from operating activities in 2Q 2009, due mainly to the profit contributed from our core business and the Group's decision to maintain lower inventories.

The major inflow from investing activities were the proceeds from sales of financial assets, as RMB1,700 million invested in bank products matured in 2Q 2009.

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 11 vessels in the second quarter of 2009, and expects to achieve on time delivery for the remaining deliveries in 2009. Group's total order's book stands at 139 vessels with a total value of USD6.1 billion as at 30 June 2009.

In response to the challenging economic environment, as at the announcement date, we have proactively supported our customers on the followings:

1. With the receipt of 40% prepayment in cash, the deliveries of the 18 unit of vessels will be rescheduled for a further 5 to 24 months; and
2. A total price reduction of USD38 million has been provided for 8 high margin vessels, which account for 5 percent of the original contract price. Out of these 8 vessels, 3 have been delivered in 2Q 2009.

As a result of the above, there had been no cancellation of order from any customer.

On the basis of robust demand for second hand bulk carrier vessels, and to take advantage of certain available time slots on our dry docks and numerous enquiries by our customers for the 92,500 DWT multi purpose cargo vessels, the Group started constructing two of such vessels, leveraging on lower raw material prices and economies of scales achieved from mass production of such standard vessel types. With a low cost base and improving demand for dry bulk vessels, management believes that these 2 vessels will be profitable.

Moving forward, the Group will continue to monitor our customer's financial well being. With our strong cash holdings and sizable order book, the Board remains confident of delivering continued growth and profitability for year 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 for the period under review.

Instead of declaring interim dividends, the Board decided that payment of the dividend would be done on an annual basis in order to minimize administrative and distribution costs.

The Board of Directors has recommended a dividend payout ratio of 30% of the Group's attributable profits for FY2009, if applicable. The exact amount of the dividend payout would be determined after the review of the full year financial results of the Group in February 2010 and recommend for approval by the shareholders of the Company at the next Annual General Meeting to be held not later than 30 April 2010.

13. Interested Person Transactions

None

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

We, Ren Yuanlin and Yu Keping, 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 2009 to be false or misleading, in all material respects.

On behalf of the Board of Directors

Ren Yuanlin
Executive Chairman

Yu Keping
Non-Executive Director