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广州广船国际股份有限公司
GUANGZHOU SHIPYARD INTERNATIONAL COMPANY LIMITED

(a joint stock company with limited liability incorporated in the People's Republic of China)
(Stock Code: 0317)

PROFIT WARNING

It is expected that the unaudited net profit for the Group as prepared under the current PRC Accounting Standards for Business, Enterprises and Relevant Regulations for the first six months of the year up to June 30, 2007 may increase over 450% compared with that for the same period in 2006.

This announcement is made in accordance with paragraph (1) of rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

It is expected that the unaudited net profit as prepared under the current PRC Accounting Standards for Business, Enterprises and Relevant Regulations for Guangzhou Shipyard International Company Limited (the "Company") and its subsidiaries (collectively the "Group"), which has considered the impact on possible adjusting income tax rate on the period under review (for details in relation to the income tax rate please refer to the announcement dated July 6, 2007 issued by the Company), for the first six months of the year up to June 30, 2007 may increase over 450% compared with the net profit for the same period in 2006.

The Group's net profit and earnings per share prepared under the PRC accounting rules and regulations for the first six months of the year up to June 30, 2006 amounted to approximately RMB75.30 million and RMB 0.15 per share respectively.

During the first half of 2007, the Company engaged in improving shipbuilding administration, which shortened the shipbuilding cycle and improved shipbuilding efficiency continually. Moreover, in accordance with the current PRC Accounting Standards for Business, Enterprises and Relevant Regulations, the fair value adjustment on derivative financial instruments should be recorded as the current period's profit and loss. During the period under review, the fair value of the forward transactions of the Company previously entered into increased profits for the current period.

This profit warning announcement is only based on the preliminary calculations by the Company's management in accordance with management accounts of the Company. Investors are advised to carefully read the interim report for the first six months up to June 30, 2007 of the Company, which is expected to be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of Guangzhou Shipyard

International Company Limited at www.chinagsi.com on August 17, 2007.

In the first quarterly report of 2007 of the Company, it was anticipated that the net profit for the first six months of 2007 prepared under the current Accounting Standards for Business, Enterprises and Relevant Regulations will increase by more than 300% over that of same period of 2006 after adjustment.

The Company also made a profit warning announcement in accordance with the Listing Rules of Shanghai Stock Exchange at the same time.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made in accordance with paragraph (1) of rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
Guangzhou Shipyard International Company Limited
Li Zhidong
Company Secretary

Guangzhou, July 23, 2007

As at the date of this announcement, the Board of the Company is composed of eleven directors, namely executive directors Messrs. Li Zhushi, Han Guangde, Chen Jingqi, Zhong Jian, non-executive directors Messrs. Yu Baoshan, Li Junfeng, Miao Jian, and independent non-executive directors Messrs. Wu Fabo, Bu Miaojin, Wang Xiaojun and Lee Sun-leung, Sunny.