

# SUMMARY OF ACCOUNTING AND BUSINESS DATA

## (I) REALIZED PROFIT OF THE COMPANY IN THE YEAR AND ITS BREAKDOWN

The realized profit of the Company and its subsidiaries (collectively the “Group”) in the year and its breakdown are as follows:

### 1. Prepared under PRC Accounting Rules and Regulations

	RMB'000
Total profit	32,926
Net profit	33,673
Net profit after exclusion of exceptional items (Note A)	34,326
Profit from principal operations	116,660
Profit from other operations	15,241
Profit (loss) from operations	-23,362
Investment income	-291
Subsidy income	60,989
Including: subsidy income of domestic ocean-going vessels (Note B)	57,511
subsidy income of non-domestic ocean-going vessels	3,478
Non-operating income	6,020
Non-operating expenditure	10,430
Net cash flow from operating activities	205,312
Net increase (decrease) of cash and cash equivalent	-13,835

Note A: The nature and amount of exceptional items are as follows:

	RMB'000
(1) Amortization of difference in equity investment	279
(2) Subsidy income for non-domestic ocean-going vessels	3,478
(3) Non-operating income	6,020
(4) Non-operating expenditure	-10,430
Total	-653

Note B: The subsidy income of domestic ocean-going vessels has been considered when negotiating the new ship construction contract in accordance with the state industry policy. Accordingly, the subsidy is a part of new ship construction income, but it has to be accounted as subsidy income in accordance with regulations of relevant accounting policy. Details refer to Financial Statement (V)2(4) on page 85 and (V)29 and page 99.

### 2. Prepared in accordance with Accounting Principles Generally Accepted in Hong Kong

	RMB'000
Profit before taxation	35,163
Profit attributable to shareholders	60,945

# SUMMARY OF ACCOUNTING AND BUSINESS DATA

## (II) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF LAST FIVE YEARS

### 1. Prepared under PRC Accounting Rules and Regulations

The results, assets and liabilities of the Group of the last five years are summarized as follows:

(Unit: RMB'000)

	2004	2003	2002	2001		2000	
				Before adjustment	After adjustment	Before adjustment	After adjustment
Principal operating income	<b>2,363,403</b>	2,840,446	2,413,101	2,076,603	2,076,603	2,222,270	2,222,270
Total profit (loss)	<b>32,926</b>	44,868	17,569	5,562	11,325	-728,278	-729,783
Net profit (loss)	<b>33,673</b>	43,052	15,917	3,215	8,978	-738,265	-739,770
Total assets	<b>2,213,067</b>	2,513,408	3,192,625	2,510,263	2,510,263	2,401,688	2,395,925
Total liabilities	<b>1,450,594</b>	1,777,085	2,498,299	1,830,445	1,830,445	1,732,595	1,732,595
Shareholders' equity (excluding minority interests)	<b>710,263</b>	676,590	633,538	617,730	617,730	614,427	608,663
Earnings (loss) per share (RMB) (Number of shares in issue at the end of year)	<b>0.07</b>	0.09	0.03	0.01	0.02	-1.49	-1.50
Earnings (loss) per share (RMB) (Weighted average number of shares in issue)	<b>0.07</b>	0.09	0.03	0.01	0.02	-1.49	-1.50
Net assets per share (RMB) (Number of shares in issue at the end of year)	<b>1.44</b>	1.37	1.28	1.25	1.25	1.24	1.23
Adjusted net assets per share (RMB) (Number of shares in issue at the end of year)	<b>1.27</b>	1.14	1.12	1.24	1.24	1.12	1.12
Net cash flow from operating activities per share (Number of shares in issue at the end of the year)	<b>0.42</b>	1.51	-0.78	0.67	0.67	0.05	0.05
Return (loss) on net assets (%) (Shareholders' equity at the end of year)	<b>4.74</b>	6.36	2.51	0.52	1.45	-120.16	-121.54
Return (loss) on net assets (%) (Average of shareholders' equity at the beginning and the end of year)	<b>4.86</b>	6.57	2.54	0.52	1.45	-74.93	-75.47
Return (loss) on net assets after deducting exceptional items (%) (Average of shareholders' equity at the beginning and the end of year)	<b>4.95</b>	5.45	-8.42	0.53	1.47	-0.21	-1.82
Ratio of shareholders' equity (%) (Shareholders' equity/Total assets 100%)	<b>32.09</b>	26.92	19.84	24.61	24.61	25.58	25.39
Current Ratio (Current assets/Current liabilities)	<b>0.96</b>	0.99	0.91	0.96	0.96	0.85	0.85

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*Note: The adjustments for the year 2000 and 2001 were made in response to the erroneous accounting treatment adopted by the Company in its investment income derived from the national debt.*

*Guangzhou Regional Office of China Securities Regulatory Commission (the "GRO") issued the "Notice for Rectification of Guangzhou Shipyard International Company Limited" (the "Notice") (GRO [2003] No. 447) on 8th Oct. 2003. The Company was asked to carry out rectification in the accounting treatment to the national debts investment income. The Company held its eleventh meeting of the fourth term of the Board of Directors on 7th Nov. 2003 and approved to adjust the accounting treatment to the investment income. Guangdong Yangcheng Certified Accountant Co., Ltd. re-audited the adjusted accounting statement for the year of 2001 and issued opinion of auditors with standard clean opinion. The Company announced the details of the accounting adjustment on 19th April 2004.*

## 2. In accordance with Accounting Principles Generally Accepted in Hong Kong

The results, assets and liabilities of the Group for the last five years are summarized as follows:

(Unit: RMB'000)

	2004	2003	2002	2001	2000
Turnover	<b>2,363,403</b>	2,840,446	2,413,101	2,076,603	2,222,270
Operating profit/(loss)	<b>56,528</b>	66,175	(65,758)	47,002	(311,052)
Profit/(loss) before taxation	<b>35,163</b>	26,473	16,835	(2,651)	(721,762)
Profit/(loss) attributable to shareholders	<b>60,945</b>	24,555	15,020	(5,160)	(728,710)
Total assets	<b>2,862,932</b>	2,932,287	3,652,666	2,909,855	3,026,168
Total liabilities	<b>2,092,208</b>	2,214,985	2,958,864	2,229,773	2,347,951
Total shareholders' equity (excluding minority interests)	<b>718,514</b>	657,569	633,014	617,994	623,154
Earnings/(loss) per share (RMB)					
(Number of shares in issue at the end of the year)	<b>0.1232</b>	0.0496	0.0304	(0.0104)	(1.4731)
Earnings/(loss) per share (RMB)					
(Weighted average number of shares in issue)	<b>0.1232</b>	0.0496	0.0304	(0.0104)	(1.4731)
Net assets per share (RMB)					
(Number of shares in issue at the end of the year)	<b>1.45</b>	1.33	1.28	1.25	1.26
Return on net assets (%)					
(Shareholders' equity at the end of the year)	<b>8.48</b>	3.73	2.37	(0.83)	(116.94)
Return on net assets (%)					
(Average of shareholders' equity at the beginning and the end of year)	<b>8.86</b>	3.81	2.40	(0.83)	(73.79)
Ratio of shareholders' equity (%)					
(Shareholders' equity/ Total assets x 100%)	<b>25.10</b>	22.43	17.33	21.24	20.59
Current ratio					
(Current assets/Current liabilities)	<b>0.97</b>	0.98	0.92	0.93	0.84
Gearing ratio (%)	<b>73.08</b>	75.54	81.01	76.63	77.59

# SUMMARY OF ACCOUNTING AND BUSINESS DATA

Notes:

- (1) Methods for calculating earnings / (loss) per share, net assets per share, return on net assets, adjusted net assets per share, net cash flow from operating activities per share and asset liability ratio are as follows:

- ① Based on balances at the end of the year:

Earnings / (loss) per share = net profit (loss) / total number of ordinary shares at the end of the year

Net assets per share = shareholders' equity at the end of the year / total number of ordinary shares at the end of the year

Return on net assets = net profit (loss) / shareholders' equity at the end of the year X 100%

Adjusted net assets per share = (shareholders' equity at the end of the year – accounts receivable aged over three years – deferred expenses – net loss on current / fixed assets to be written off – flotation expenses – long-term deferred expenses – negative balance of housing circulation fund) / total number of ordinary shares at the end of the year

Net cash flow from operating activities per share = net cash flow from operating activities / total number of ordinary shares at the end of the year

- ② Based on weighted average balances:

Earnings (loss) per share = net profit (loss) / weighted monthly average number of shares for the year

Return on net assets = net profit (loss) / [(shareholders' equity at the beginning of the year + shareholders' equity at the end of the year) / 2] X 100%

- ③ Gearing ratio = total liabilities / total assets X 100%

- (2) The difference in this year's net profit (profit attributable to shareholders) and shareholders' equity calculated on the basis of the PRC Accounting Rules and Regulations and the accounting principles generally accepted in Hong Kong is as follow:

(Unit: RMB'000)

	Net profit		Shareholders' equity	
	For the year ended 31 December 2004	For the year ended 31 December 2003	As at 31 December 2004	As at 31 December 2003
Under PRC Accounting Rules and Regulations	33,673	43,052	710,263	676,590
Reconciling items				
Reversal of realised gain				
on minority interest portion				
from inter-company transactions	(502)	–	–	502
Deficit on revaluation				
of investment properties	(468)	(66)	(1,322)	(854)
Obligation for early retirement scheme	3,229	(18,431)	(15,202)	(18,431)
Profit and loss items directly				
recorded in retained earnings				
brought forward	–	–	(238)	(238)
Deferred taxation credited				
to profit and loss account	25,013	–	25,013	–
Under accounting principles generally accepted in Hong Kong	60,945	24,555	718,514	657,569

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## (III) RETURN ON NET ASSETS RATIO AND EARNINGS PER SHARE COMPUTED IN ACCORDANCE WITH “REGULATIONS ON INFORMATION DISCLOSURE FOR COMPANIES WITH LISTED SECURITIES (NO.9)” PROMULGATED BY CHINA SECURITIES REGULATORY COMMITTEE

Profit (loss) during the period under review	Return on net assets ratio (%)		Earnings (loss) per share (RMB)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from principal operations	16.42	16.82	0.24	0.24
Profit (loss) from operation	-3.29	-3.37	-0.05	-0.05
Net profit	4.74	4.86	0.07	0.07
Net profit after deduction of exceptional items	4.83	4.95	0.07	0.07

Methods for calculating fully diluted return on net assets and fully diluted earnings (loss) per share are as follows:

Fully diluted return on net assets = Profit (loss) during the period under review ÷ Net assets at period end × 100%

Fully diluted earnings (loss) per share = Profit (loss) during the period under review ÷ Total number of ordinary shares at period end

Method for calculating the weighted average return on net assets ratio and the weighted average income (loss) per share is as follows:

Weighted average return on net assets = the profit (loss) during the period under review ÷ [(net assets at beginning of the period + net assets at closing of the period) ÷ 2] × 100%

Weighted average income (loss) per share = profit (loss) during the period under review ÷ [(total number of shares at the beginning of the period + total number of shares at the closing of the period) ÷ 2]

## (IV) CHANGE OF SHAREHOLDERS' EQUITY DURING THE PERIOD UNDER REVIEW

Item	Capital					(RMB'000)
		Capital reserve	Surplus reserve fund	Statutory public welfare fund	Retained profit (accumulated loss)	Total of shareholders' equity
Opening balance	494,678	651,977	100,148	30,593	-570,213	676,590
Additions	—	—	—	—	33,673	33,673
Deductions	—	—	—	—	—	—
Closing balance	494,678	651,977	100,148	30,593	-536,540	710,263

Cause of change: the shareholders' equity increased by 4.98%, mainly due to the transfer in of the 2004 profit.

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## (V) PRINCIPAL ACTIVITIES SUMMARY

The turnover (note 1) and the results from the principal activities of the Group during the year under review are as follows:

Principal activities	Year ended 31st December, 2004			Year ended 31st December, 2003		
	Turnover		Gross profit (loss) before taxation	Turnover		Gross profit (loss) before taxation
	RMB'000	Percentage (%)	RMB'000	RMB'000	Percentage (%)	RMB'000
Shipbuilding	2,105,612	89.09	68,477	2,117,845	74.56	40,328
Container manufacturing	1,133	0.05	333	514,475	18.11	12,995
Shiprepairing	15,252	0.65	3,141	13,347	0.47	2,365
Steel structure	140,962	5.96	12,802	78,079	2.75	8,665
Other mechanical and electrical equipment	100,444	4.25	33,862	116,700	4.11	23,351
	<b>2,363,403</b>	<b>100</b>	<b>118,614</b>	<b>2,840,446</b>	<b>100.00</b>	<b>87,704</b>
Other activities profit			15,241			17,451
Operating expenses (note 2)			155,263			180,978
Business tax and surcharge			1,954			3,328
Investment income			-291			3,344
Subsidy income			60,989			123,880
Net non-operating income			6,020			11,199
Net non-operating expenditure			10,430			14,402
<b>Total profit (under PRC Accounting Rules and Regulations)</b>			<b>32,926</b>			<b>44,868</b>
<b>Reconciling items</b>						
– Separate disclosure of share of associated companies' taxation			91			102
– Deficit on revaluation of investment properties			(468)			(66)
– Recognition of appropriation for staff award and welfare fund			(113)			–
– Obligation for early retirement scheme			3,229			(18,431)
– Reversal of realised gain on minority interest portion from inter-company transactions			(502)			–
<b>Profit before taxation (under accounting principles generally accepted in Hong Kong)</b>			<b>35,163</b>			<b>26,473</b>

Notes:

- The definition of turnover, which represents the income from principal operations prepared in accordance with PRC Accounting Standards and Systems and the turnover in accordance with accounting principles generally accepted in Hong Kong, is set out in note (V) 23 on page 97 and note (2) from page 132 to page 136 to the Financial Statements respectively.
- Operating expenses, including selling, administrative and financial expenses, represent non-distinctive amounts incurred in the various principal activities. As operating expenses incurred did not have a direct correlation with the respective activities, it is impracticable to analyze these expenses by activities.