

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

	<i>RMB'000</i>
Total profit	106,155
Net profit	98,193
Net profit after exclusion of exceptional items (Note A)	62,026
Profit from principal operations	215,189
Profit from other operations	17,852
Profit from operations	79,985
Investment income	1,329
Subsidy income	25,894
Including: subsidy income of domestic ocean-going vessels (Note B)	21,888
subsidy income of non-domestic ocean-going vessels	4,006
Non-operating income	4,364
Non-operating expenditure	5,416
Net cash flow from operating activities	845,577
Net increase of cash and cash equivalent	266,729

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

	<i>RMB'000</i>
(1) Writing back of provision for bad debts (refer to item 3 of Significant Events)	36,171
(2) Writing back of provision for bad debts of subsidiaries (refer to item 1 of Significant Events)	1,369
(3) Subsidy income except from domestic ocean-going vessels	4,006
(4) Non-operating income	4,364
(5) A lump-sum provision of preferential payment for retired employees who have only one child or no children (refer to item 16 of Significant Events)	-4,327
(6) Non-operating expenditure	-5,416
Total	36,167

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 the new ship construction income, and is accounted as subsidy income in accordance with regulations of relevant accounting policy. (Details refer to Financial Statement (V) 2(4) on page 90 and (V) 29 on page 106).

SUMMARY OF ACCOUNTING AND BUSINESS DATA

2. Prepared in accordance with HK GAAP

RMB'000

Profit before taxation	112,288
Profit attributable to shareholders	135,011

(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)

	2005	2004	2003	2002	2001	
					Before adjustment	After adjustment
Principal operating income	2,728,916	2,363,403	2,840,446	2,413,101	2,076,603	2,076,603
Total profit	106,155	32,926	44,868	17,569	5,562	11,325
Net profit	98,193	33,673	43,052	15,917	3,215	8,978
Total assets	2,544,604	2,213,067	2,513,408	3,192,625	2,510,263	2,510,263
Total liabilities	1,686,428	1,450,594	1,777,085	2,498,299	1,830,445	1,830,445
Shareholders' equity (excluding minority interests)	808,456	710,263	676,590	633,538	617,730	617,730
Earnings per share (RMB) (Number of shares in issue at the end of year)	0.20	0.07	0.09	0.03	0.01	0.02
Earnings per share (RMB) (Weighted average number of shares in issue)	0.20	0.07	0.09	0.03	0.01	0.02
Net assets per share (RMB) (Number of shares in issue at the end of year)	1.63	1.44	1.37	1.28	1.25	1.25
Adjusted net assets per share (RMB) (Number of shares in issue at the end of year)	1.54	1.27	1.14	1.12	1.24	1.24
Net cash flow from operating activities per share (Number of shares in issue at the end of the year)	1.71	0.42	1.51	-0.78	0.67	0.67
Return on net assets (%) (Shareholders' equity at the end of year)	12.15	4.74	6.36	2.51	0.52	1.45
Return on net assets (%) (Average of shareholders' equity at the beginning and the end of year)	12.93	4.86	6.57	2.54	0.52	1.45
Return (loss) on net assets after deduction of exceptional items(%) (Average of shareholders' equity at the beginning and the end of year)	8.17	4.95	5.45	-8.42	0.53	1.47
Ratio of shareholders' equity (%) (Shareholders' equity/Total assets x 100%)	31.77	32.09	26.92	19.84	24.61	24.61
Current Ratio (Current assets/Current liabilities)	0.87	0.96	0.99	0.91	0.96	0.96

SUMMARY OF ACCOUNTING AND BUSINESS DATA

Note: The adjustments for the year 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 Oct. 8, 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 Nov. 7, 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. (Details refer to the Company's announcement on April 19, 2004).

2. In accordance with HK GAAP

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

(Unit: RMB'000)

	2005	2004 Restated	2003 Restated	2002 Restated	2001 Restated
Turnover	2,728,916	2,363,403	2,840,446	2,413,101	2,076,603
Operating profit/(loss)	91,318	56,528	66,175	(65,758)	47,002
Profit/(loss) before taxation	112,288	35,072	26,372	16,673	(2,749)
Profit/(loss) attributable to shareholders	135,011	60,945	24,555	15,020	(5,160)
Total assets	3,432,086	2,862,932	2,932,287	3,652,666	2,909,855
Total liabilities	2,499,650	2,092,208	2,214,985	2,958,864	2,229,773
Total shareholders' equity (excluding minority interests)	882,716	718,514	657,569	633,014	617,994
Earnings/(loss) per share (RMB) (Number of shares in issue at the end of the year)	0.2729	0.1232	0.0496	0.0304	(0.0104)
Earnings/(loss) per share (RMB) (Weighted average number of shares in issue)	0.2729	0.1232	0.0496	0.0304	(0.0104)
Net assets per share (RMB) (Number of shares in issue at the end of the year)	1.78	1.45	1.33	1.28	1.25
Return on net assets (%) (Shareholders' equity at the end of the year)	15.29	8.48	3.73	2.37	(0.83)
Return on net assets (%) (Average of shareholders' equity at the beginning and the end of year)	16.86	8.86	3.81	2.40	(0.83)
Ratio of shareholders' equity (%) (Shareholders' equity/Total assets x 100%)	25.72	25.10	22.43	17.33	21.24
Current ratio (Current assets/Current liabilities)	0.91	0.97	0.98	0.92	0.93
Gearing ratio (%)	72.83	73.08	75.54	81.01	76.63

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 gearing ratio are as follows:

- ① Bases 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 – long-term deferred expenses)/total number of ordinary shares at the end of the year

Net cash flow from operating activities per share = net cash flow 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 x100%

- (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 HK GAAP are as follow:

	Net profit		Shareholders' equity	
	For the year ended December 31, 2005	For the year ended December 31, 2004	As at December 31, 2005	As at December 31, 2004
	<i>RMB'000</i>			
Prepared under PRC Accounting Rules and Regulations	98,193	33,673	808,456	710,263
Reconciliation items:				
Impairment of investment properties	–	(468)	(1,322)	(1,322)
Deferred taxation credited to income statement	30,383	25,013	55,396	25,013
Obligation for early retirement scheme	3,673	3,229	(11,529)	(15,202)
Payment of profit and loss items directly recorded in the retained earnings brought forward	238	–	–	(238)
Fair value adjustment on derivative financial instruments	2,524	–	2,524	–
Reversal of realised gain on minority interest portion from inter-company transactions	–	(502)	–	–
Fair value adjustment on available-for-sale financial assets	–	–	29,191	–
Prepared under HK GAAP	135,011	60,945	882,716	718,514

SUMMARY OF ACCOUNTING AND BUSINESS DATA

(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 COMMISSION

Profit during the period under review	Return on net assets ratio (%)		Earnings per share (RMB)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from principal operations	26.62	28.34	0.44	0.44
Profit from operations	9.89	10.53	0.16	0.16
Net profit	12.15	12.93	0.20	0.20
Net profit after deduction of exceptional items	7.67	8.17	0.13	0.13

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

Fully diluted returning on net assets = Profit during the period under review ÷ Net assets at period end x100%

Fully diluted earnings per share = Profit 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 per share is as follows:

Weighted average return on net assets = Profit during the period under review ÷ [(Net assets at beginning of the period + Net assets at closing of the period) ÷ 2] x100%

Weighted average income per share = Profit 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] x100%

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

Item	Capital	Capital reserve	Surplus reserve fund	Including: Statutory public welfare fund	Retained profit (accumulated loss)	Total of shareholders' equity
Opening balance	494,678	651,977	100,148	30,593	-536,540	710,263
Additions	—	—	—	—	98,193	98,193
Deductions	—	—	—	66	—	—
Closing balance	494,678	651,977	100,148	30,527	-438,347	808,456

Reason of change: the shareholders' equity increased by 13.82%, mainly due to the transfer in of the 2005 profit.

SUMMARY OF ACCOUNTING AND BUSINESS DATA

(V) PRINCIPAL BUSINESS DATA

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

Principal operation	Year ended December 31, 2005			Year ended December 31, 2004		
	Turnover		Gross profit (loss) before taxation	Turnover		Gross profit (loss) before taxation
	RMB'000	Percentage (%)	RMB'000	RMB'000	Percentage (%)	RMB'000
Shipbuilding	2,335,531	85.58	166,622	2,105,612	89.09	68,477
Container manufacturing	–	0.00	–	1,133	0.05	333
Steel structure	287,658	10.54	23,125	140,962	5.96	12,802
Other mechanical and electrical equipment	98,734	3.62	26,807	100,444	4.25	33,862
Ship repairing	6,993	0.26	569	15,252	0.65	3,141
	2,728,916	100	217,123	2,363,403	100	118,614
Other operating profit			17,851			15,241
Operating expenses (note 2)			153,056			155,263
Business tax and surcharge			1,934			1,954
Investment income			1,329			–291
Subsidy income			25,894			60,989
Net non-operating income			4,364			6,020
Net non-operating expenditure			5,416			10,430
Total profit (under PRC Rules and Regulations)			106,155			32,926
Reconciling items						
– Impairment of investment properties			–			(468)
– Recognition of appropriation for staff award and welfare fund			(302)			(113)
– Obligation for early retirement scheme			3,673			3,229
– The realised gain on minority interest portion from inter-company transaction			–			(502)
– Payment of profit and loss items directly recorded in the retained earnings brought forward			238			–
– Fair value adjustment on derivative financial instruments			2,524			–
Profit before taxation (under HK GAAP)			112,288			35,072

Notes:

1. The definition of turnover, which represents the income from principal operations prepared in accordance with PRC Accounting Rules and Regulations and the revenue in accordance with HK GAAP, is set out in note (II)16 on page 82 and note 2.21 on page 149 to the Financial Statements respectively.
2. Operating expenses, including selling, administrative and financial expenses, represent non-distinctive amounts incurred in the various principal operations. As operating expenses incurred did not have a direct correlation with the respective activities, it is impracticable to analyze these expenses by activities.