

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:

(I) Prepared under PRC Accounting Rules and Regulations

Item	RMB'000 Amount
Total profit	309,795
Net profit	293,617
Net profit after exclusion of exceptional items	298,807
Profit from principal operations	506,186
Profit from other operations	13,040
Profit from operations	290,437
Investment income	3,085
Subsidy income	19,463
Non-operating income	7,205
Non-operating expenditure	10,395
Net cash flow from operating activities	2,619,252
Net increase of cash and cash equivalent	3,693,577

The nature and amount of exceptional items are as follows:

Item	RMB'000 Amount
Income from sale or disposition of invest company or department (Note 1)	-9
Various kinds of government subsidies (Note 2)	19,463
Short term investment income (deduct: loss) (Note 3)	295
Other non-operating incomes (deduct: loss)	-3,190
Writing back of provisions made in prior years (Note 4)	1,642
Other exceptional items (Note 5)	-23,391
Total	-5,190

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Note:

1. The loss is arising from transferring the Company's 26% interest in a subsidiary Guangzhou Hongfan Information Technology Co., Ltd. for the transferring details please refer to item 5 in "Significant Events".
2. Including special subsidy amounting to RMB18.97 million and tax refund of self-product software amounting to RMB493,300 received during the year 2006.
3. The income is arising from investment in bills of People's Bank of China, details refer to item 9 in "Significant Events".
4. Writing back of provision with an amount of RMB970,975.38 for the inventory cheapen provision drawn in the prior year; the Company has drawn the bad debt provision for the overdue deposit in Guangzhou Economic and Technology Development Zone International Trust and Investment Company in full in the prior year, however, the Company received liquidation fund amounting to RMB671,488.80 during the year, relevant becomes writing back of bad debt provision.
5. The lump-sum housing allowance to retirees, details refer to item 19 in "Significant Events".

(II) Prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS")

Item	RMB'000 Amount
Profit before taxation	310,978
Profit attributable to shareholders	266,635

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II. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF LAST FIVE YEARS OF THE GROUP

(I) Prepared under PRC Accounting Rules and Regulations

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

(Unit: RMB'000)

Item	2006	2005	2004	2003	2002
Principal operating income	3,322,299	2,728,916	2,363,403	2,840,446	2,413,101
Total profit	309,795	106,155	32,926	44,868	17,569
Net profit	293,617	98,193	33,673	43,052	15,917
Total assets	7,481,034	2,544,604	2,213,067	2,513,408	3,192,625
Total liabilities	6,319,715	1,686,428	1,450,594	1,777,085	2,498,299
Shareholders' equity (excluding minority interests)	1,099,914	808,456	710,263	676,590	633,538
Earnings per share (RMB) (number of shares in issue at the end of year)	0.59	0.20	0.07	0.09	0.03
Earnings per share (RMB) (weighted average number of shares in issue)	0.59	0.20	0.07	0.09	0.03
Net assets per share (RMB) (number of shares in issue at the end of year)	2.22	1.63	1.44	1.37	1.28
Adjusted net assets per share (RMB) (number of shares in issue at the end of year)	2.21	1.54	1.27	1.14	1.12
Net cash flow from operating activities per share (number of shares in issue at the end of the year)	5.29	1.71	0.42	1.51	-0.78
Return on net assets (%) (shareholders' equity at the end of year)	26.69	12.15	4.74	6.36	2.51
Return on net assets (%) (average of shareholders' equity at the beginning and the end of year)	30.77	12.93	4.86	6.57	2.54
Return (loss) on net assets after deduction of exceptional items (%) (average of shareholders' equity at the beginning and the end of year)	31.32	8.17	4.95	5.45	-8.42
Ratio of shareholders' equity (%) (shareholders' equity/total assets x 100%)	14.70	31.77	32.09	26.92	19.84
Current Ratio (current assets/current liabilities)	1.2	0.87	0.96	0.99	0.91

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(II) In accordance with HKFRS

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

(Unit: RMB'000)

Item	2006	2005 Restated	2004 Restated	2003 Restated	2002 Restated
Turnover	3,322,299	2,728,916	2,363,403	2,840,446	2,413,101
Operating profit/(loss)	288,260	91,318	56,528	66,175	(65,758)
Profit before taxation	310,978	112,288	35,072	26,372	16,673
Profit attributable to shareholders	266,635	135,011	60,945	24,555	15,020
Total assets	7,672,237	3,432,086	2,862,932	2,932,287	3,652,666
Total liabilities	6,349,186	2,499,650	2,092,208	2,214,985	2,958,864
Total shareholders' equity (excluding minority interests)	1,261,647	882,716	718,514	657,569	633,014
Earnings per share (RMB)					
(Number of shares in issue at the end of the year)	0.5390	0.2729	0.1232	0.0496	0.0304
Earnings per share (RMB)					
(Weighted average number of shares in issue)	0.5390	0.2729	0.1232	0.0496	0.0304
Net assets per share (RMB) (Number of shares in issue at the end of the year)	2.55	1.78	1.45	1.33	1.28
Return on net assets (%) (Shareholders' equity at the end of the year)	21.13	15.29	8.48	3.73	2.37
Return on net assets (%) (Average of shareholders' equity at the beginning and the end of year)	24.87	16.86	8.86	3.81	2.40
Ratio of shareholders' equity (%) (Shareholders' equity/Total assets x 100%)	16.44	25.72	25.10	22.43	17.33
Current ratio					
(Current assets/Current liabilities)	1.19	0.91	0.97	0.98	0.92
Gearing ratio (%)	82.76	72.83	73.08	75.54	81.01

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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 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 HKFRS are as follow:

Item	Net profit		Shareholders' equity	
	For the year ended	For the year ended	As at	As at
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
<i>RMB'000</i>				
Prepared under PRC Accounting Rules and Regulations	293,617	98,193	1,099,914	808,456
Impairment of investment properties	–	–	(1,322)	(1,322)
Deferred taxation charged to income statement	(28,164)	30,383	27,232	55,396
Obligation for early retirement scheme	4,467	3,673	(7,062)	(11,529)
Payment of profit and loss items directly recorded in the retained earnings brought forward	–	238	–	–
Fair value adjustment on derivative financial instruments	(2,382)	2,524	142	2,524
Fair value adjustment on available-for-sale financial assets	–	–	141,487	29,191
Amortised cost adjustment on held-to-maturity financial assets	1,256	–	1,256	–
Appropriation for staff award and welfare fund	(2,159)	–	–	–
Prepared under HKFRS	266,635	135,011	1,261,647	882,716

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III. CHANGE OF SHAREHOLDERS' EQUITY DURING THE PERIOD UNDER REVIEW

(RMB'000)

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	30,527	-438,347	808,456
Additions	—	—	—	—	293,617	293,617
Deductions	—	—	—	30,527	2,159	2,159
Closing balance	<u>494,678</u>	<u>651,977</u>	<u>100,148</u>	<u>—</u>	<u>-146,889</u>	<u>1,099,914</u>

Reason of change: the shareholders' equity increased by 36.05% compared with that of the opening balance, which is mainly due to the transfer in of the 2006 profit and the provision of staff bounty and welfare fund of United Steel Structure Limited, a subsidiary of the Company, which is provided in accordance with net profit of the subsidiary.

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IV. 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:

Unit: RMB'000

Principal operation	Year ended December 31, 2006			Year ended December 31, 2005		
	Turnover		Gross profit before taxation	Turnover		Gross profit before taxation
	Amount	Percentage (%)	Amount	Amount	Percentage (%)	Amount
Shipbuilding	2,860,687	86.11	421,541	2,335,531	85.58	166,622
Steel structure	320,033	9.63	41,033	287,658	10.54	23,125
Other mechanical and electrical equipment and others	141,579	4.26	52,905	105,727	3.88	27,376
	3,322,299	100	515,480	2,728,916	100	217,123
Other operating profit			13,040			17,851
Operating expenses (note 2)			228,790			153,056
Business tax and surcharge			9,293			1,934
Investment income			3,085			1,329
Subsidy income			19,463			25,894
Net non-operating income			7,205			4,364
Net non-operating expenditure			10,395			5,416
Total profit (under PRC Rules and Regulations)			309,795			106,155
Reconciling items						
– Obligation for early retirement scheme			4,467			3,673
– Payment of profit and loss items directly recorded in the retained earnings brought forward			–			238
– Fair value adjustment on derivative financial instruments			(2,382)			2,524
– Appropriation for staff award and welfare fund			(2,159)			(302)
– Amortised cost adjustment on held-to-maturity financial assets			1,256			–
Profit before taxation (under HKFRS)			310,978			112,288

Notes:

- The definition of turnover, which represents the income from principal operations prepared in accordance with PRC Accounting Rules and Regulations and the turnover in accordance with HKFRS, is set out in note (II)17 on page 85 and note 2.21 on page 161 to the Financial Statements respectively.
- 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.