

CHANGES OF SHARE CAPITAL AND SHAREHOLDERS

I. SHARE CAPITAL CHANGE

1. Change of the share capital

Unit: share

Category	Before the change		Changes during the year (+,-)					After the change	
	Amount	Proportion %	New Share	Bonus Share	Conversion from reserves	Others	Sub-total	Amount	Proportion %
1. Shares subject to sale restrictions									
(1) State-owned shares	210,800,080	42.61	-	-	-	-34,149,465	-34,149,465	176,650,615	35.71
2. Freely transferable shares									
(1) PRC listed domestic shares	126,479,500	25.57	-	-	-	34,149,465	34,149,465	160,628,965	32.47
(2) Overseas listed foreign shares	157,398,000	31.82	-	-	-	-	-	157,398,000	31.82
3. Total	494,677,580	100	-	-	-	-	-	494,677,580	100

The 176,650,615 A-shares subject to sale restrictions may be sold as from May 24, 2007, for details refer to item 13 in "Significant Events".

The A share market general meetings of the Company approved the A share reform plan on April 28, 2006 for the holder of Non-Tradable Shares of the Company to offer 2.7 bonus shares for every 10 shares held on the record date (May 22, 2006) by the holders of tradable A-share, for obtaining trading right in A share market. The A share reform plan has implemented on May 24, 2006 after approval by related government departments. The total number of shares amount of the Company remained the same before and after the A share reform.

2. Share issue and listing information

As at December 31, 2006, the Company has not arranged any further issue of any new shares, derivatives, bonus shares, rights shares or conversion of shares from reserves, and there had not been any changes in the total number of shares since the issue of 157,398,000 new H shares and 126,479,500 new A shares on August 3, 1993 and September 22, 1993 respectively. The Company does not have employee shares. The changes in capital structure during the years were resulted from the A share reform.

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II. SHAREHOLDERS INFORMATION

- As at December 31, 2006, the total amount of shareholders, the information of the top ten shareholders and the top ten shareholders of freely transferable shares are as follows:

Unit: share

Total amount of shareholders As at December 31, 2006, there were 21,118 shareholders, including a shareholder of state-owned A-Shares subject to sale restrictions, 20,850 shareholders of listed freely transferable A-Shares and 267 shareholders of listed H-Shares.

Top ten shareholders' information

Name	Addition/ Deductions in 2006	Number of shares at the end of year	Percentage (%)	Number of shares subject to sale restrictions	Shares pledged or subject to attachment	Shareholders' classification
China State Shipbuilding Corporation	-34,149,465	176,650,615	35.71	176,650,615	None	State-owned Shares
HKSCC Nominees Limited	1,002,700	147,945,699	29.91	0	Unknown	Foreign capital shares
China International China Shape Security Investment Fund	12,985,896	12,985,896	2.63	0	Unknown	Others
Tongsheng Security Investment Fund	7,738,973	7,738,973	1.56	0	Unknown	Others
Tong Qian Security Investment Fund	-11,189,230	7,093,916	1.43	0	Unknown	Others
Jiashi Theme choice Mixed Security Investment Fund	6,649,711	6,649,711	1.34	0	Unknown	Others
Rixing Assets Management Co., Ltd. – Rixing AM RMB A Shares Parent Fund	6,399,692	6,399,692	1.29	0	Unknown	Others
China International China Advantage Security Investment Fund	5,506,176	5,506,176	1.11	0	Unknown	Others
HSBC Nominees (Hong Kong) Limited	50,000	5,044,000	1.02	0	Unknown	Foreign capital shares
ABN AMRO Tai Da Efficiency Choice Mixed Security Investment Fund	4,662,668	4,662,668	0.94	0	Unknown	Others

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Top ten shareholders of freely transferable shares' information

Name	Number of shares at the end of the year	Share Classification
HKSCC Nominees Limited	147,945,699	H Shares
China International China Shape Security Investment Fund	12,985,896	A Shares
Tongsheng Security Investment Fund	7,738,973	A Shares
Tong Qian Security Investment Fund	7,093,916	A Shares
Jiashi Theme Choice Mixed Security Investment Fund	6,649,711	A Shares
Rixing Assets Management Co., Ltd. – Rixing AM RMB A Shares Parent Fund	6,399,692	A Shares
China International China Advantage Security Investment Fund	5,506,176	A Shares
HSBC Nominees (Hong Kong) Limited	5,044,000	H Shares
ABN AMRO Tai Da Efficiency Choice Mixed Security Investment Fund	4,662,668	A Shares
Guangfa Shape Security Investment Fund	4,401,519	A Shares

Note of relation or action in concert of shareholders above-mentioned

Except that China International China Shape Security Investment Fund and China International China Advantage Security Investment Fund belongs to China International Fund Management Corporation, the Company is not aware of whether the top ten shareholders or the top ten shareholders of freely transferable shares disclosed above are connected with each other or they are persons acting in concert as defined in the "Rules Governing the Disclosure of Change in Shareholders' Shareholding in Listed Companies".

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2. Apart from the shareholders disclosed above, as at December 31, 2006, the register of the Company maintains pursuant to section 336 of the Securities and Futures Ordinance of Hong Kong ("SFO") recorded the following interest and short positions in the shares and underlying shares of the Company:

Shareholder	Shareholding (share)	Proportion of total H shares (%)	Proportion of total issued shares (%)
Legg Mason Inc.	9,304,000	5.91	1.88
JPMorgan Chase&Co.	12,292,000	7.81	2.49

3. Brief introduction to the controlling shareholder and actual controller

China State Shipbuilding Corporation ("CSSC") is the controlling shareholder of the state-owned shares, which accounted for 35.71% of the shares of the Company. CSSC, the registered capital of which is RMB6,374,300,000, was founded on July 1, 1999 through reorganizing China State Shipbuilding Company. Mr. Chen Xiaojin is legal representative of CSSC. The business of CSSC includes: shipbuilding, ship-repairing, manufacturing and export/import of marine equipment, diversified business such as other steel structure manufacturing and international cooperation, joint venture, financing, technology trading and exchange workforce exportation etc. None of the Company's shares held by CSSC was pledged during the period under review.

The actual controller of the Company is the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"). CSSC manages the state-owned shares of the Company under SASAC's authorization.

During the period under review, the controlling holder and actual controller of the Company has not changed.

The following diagram depicts the property right and controlling relationship between the Company and actual controller:

